Economic Impact of India to Climate Change

Why in news?

The RBI's report on currency and finance has separate chapter about explaining the macroeconomic effects of climate change in India.

What is economic cost of climate change?

- **Difficult to estimate** - As it depends on a number of factors, including the severity of climate change, the rate of climate change, and the ability of societies to adapt to climate change.
- **Highest in developing countries** - Study by IPCC found that the economic cost of climate change would be highest in developing countries.
- This is because, developing countries are less able to adapt to the effects of climate change.
- The economic cost of climate change would be highest in countries that are heavily dependent on agriculture and tourism.
- **Supply and demand of economy** - Climate change can affect both the supply side (productive potential) and the demand side of the economy.
- **Diverse topography** - India is vulnerable to climate change due to its diverse topography, which exposes different regions to varying temperature and precipitation patterns.
- **Extreme weather events** - Such as floods, droughts, and heat waves, are becoming more frequent and intense due to climate change.
- These events are causing damage to property and infrastructure, and are also disrupting economic activity.
- **Health problems** - Such as heat-related illnesses, respiratory problems, and waterborne diseases.
- These health problems are costing India billions of dollars in healthcare costs.
- **Agriculture** - Has negative impact on agriculture.
- Rising temperatures and changes in rainfall patterns are making it more difficult to grow crops.
- This is leading to food shortages and higher food prices.
- **Tourism** - Damages tourism industries.
- Rising sea levels are threatening coastal resorts, and extreme weather events are making it more difficult for people to travel costing India billions of dollars in lost tourism revenue.

What are the ways to mitigate climate change?

- Promote sustainable farming practices that reduce greenhouse gas emissions.

- Implement effective waste management strategies such as recycling, composting, and reducing landfill waste.
- Enact and enforce policies that support climate-friendly practices.
- Invest in research and development of clean technologies and innovations that can help reduce emissions and mitigate climate change.
- Collaborate with other countries to address global climate challenges.
- Support businesses model that are working to reduce their environmental impact.

According to the Global Climate Risk Index, 2021 India ranks 7th among countries most affected in 2019 by climate change.

Reference

1. The Indian Express | Economic Cost Of Climate Change

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