

## Economic Impact of India to Climate Change

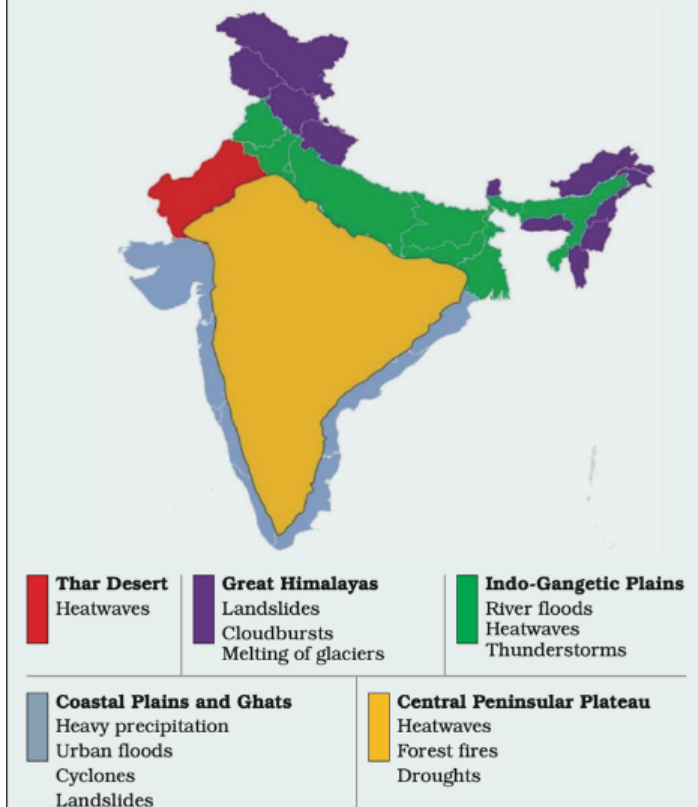
### Why in news?

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.

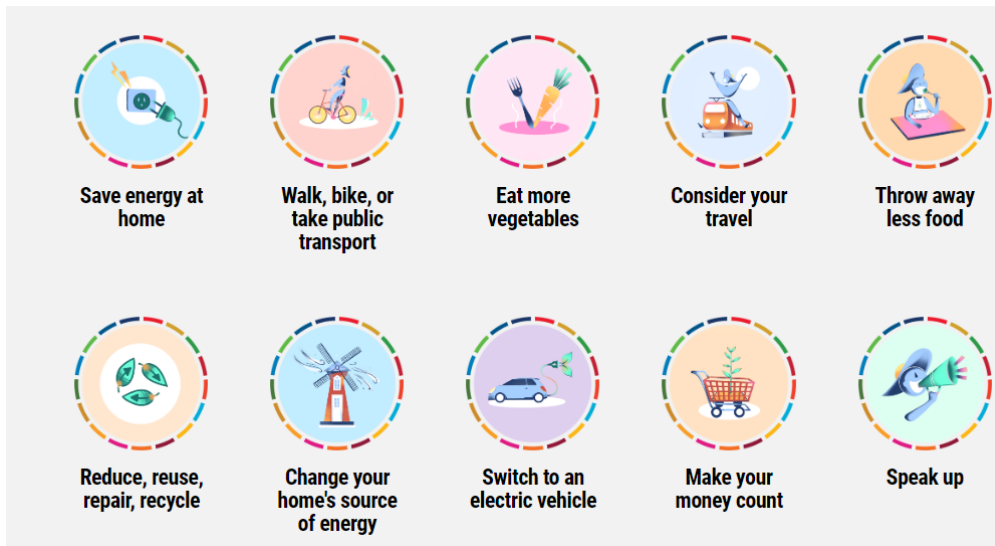
**Chart II.1: Risks Emanating from Climate Change across Geographical Regions in India**



### **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 7<sup>th</sup> among countries most affected in 2019 by climate change.*



## Reference

1. [The Indian Express | Economic Cost Of Climate Change](#)