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**DEBATE:** How can we have better disaster management in the country?

# Make disaster mitigation a part of the relief and rehabilitation package

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THIS is the moment to reform relief, to make it effective in financing disaster losses in India. In the past 35 years, India has suffered direct losses of $30 billion. The most effective way to cut these is to reform relief in favour of effective financing of losses. The upcoming tsunami rehabilitation package can be the first to do so.

Officially, direct losses of property and infrastructure suffered due to floods, droughts, cyclones or earthquakes over the past 35 years amount to up to 2% of India's GDP and up to 12% of the government's revenues, according to the World Bank. When actual losses are accounted for, which includes losses not reported by individuals and institutions working in the informal sector of the economy, as well as losses suffered from small and local disasters, this figure would be at least double. Financing disaster losses can be made more effective by encouraging disaster mitigation as part of the relief package.

Infrastructure is usually most affected by disasters. And when it collapses, as it did due to the tsunami, there are lesser resources to replace it. Current budgets bend backwards to carry the heavy load of relief but remain inflexible to spending on mitigation. The expected acceleration of India's economic growth due to increasing investments in infrastructure may be difficult to achieve because sound investments avoid exposure to unmitigated risk.

India's poor suffer loss of shelter, access to basic services like water and sanitation, benefits of education and health, and also livelihoods due to natural disasters. A disaster such as this tsunami pushes them back to the poverty levels from which they try to move out. Gains made from decades of anti-poverty programmes are lost in a day. It takes five years to make a micro-credit self-help group become viable in coastal India. A tsunami busts the group's business plan forever.

Providing immediate relief even when it is ineffective, slow, unaccountable, and expensive, is commonly accepted and widely promoted. But risk mitigation, which would reduce the need for immediate relief, is not on the public agenda.

Disaster Mitigation Institute, Ahmedabad, set up a Livelihood Relief Fund after the 1998 Kandla cyclone. This has provided ex-post support to 11,000 earthquake and riot-affected small businesses and other economic units in Gujarat. Results show that such funds make recovery faster, wider, and more sustainable.

**Mitigation measures should percolate from the Centre to the states, and from the states to the citizens**

The upcoming tsunami relief and rehabilitation package can launch a national programme to set up and expand such funds at the central and district panchayat levels through decentralised networks of financial institutions such as Nabard and federal bodies such as the Rashtriya Kisan Ayog. Thus, relief will guarantee economic recovery.

Mitigation measures should percolate from the Centre to the states, and from the states to the citizens. But levels stifle flow of funds. The upcoming tsunami package may make resources locally available to panchayats and nagarpalikas through a selected group of housing finance institutions, private and public, to cover the additional cost of integrating mitigation measures in the ongoing township reconstruction, housing estate layouts, building construction projects, and low-cost housing initiatives for coastal communities. Thus, relief will reduce risks to habitat.

Insurance is an important mitigating strategy, and insurance agencies need to be more prepared for disasters. This package can make special direct one-time allocation to the Insurance Regulatory Development Authority (Irda) to set up a consortium of businesses and civil society organisations for collecting, analysing, and disseminating data, for example, for creating advisory catastrophe primary premium rates.

Public sector giants with a proven record and region-wide reach, such as General Insurance Corporation, can access regional insurance markets more efficiently with such data. Thus, relief will be risk protected.

Insurance systems need to be designed so that when infrastructure is damaged by disaster, the burden of replacement does not fall on the government. Private and public institutions providing infrastructure financing for tsunami reconstruction should be offered tax incentives if such financing is covered with replacement cost catastrophe insurance. Such coverage could be considered toward the fulfillment of social and rural sector quota specified by Irda. Thus, current relief will reduce the need for future relief.

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