Pakistan’s economy is being effected by natural disasters like floods

Moiz-Ud-Din, Eun Hea Jho

Ministry of Planning, Development and Reform, Pakistan, 1Hankuk University of Foreign Studies

Floods effect the lives of people in different ways. It has impacts on livelihoods, destroy the crops and routines of life are disrupted. In extreme cases, floods lead to massive dislocations and even large scale deaths. The study explores three floods related hazards i.e. mortality, damage to property and non-fatal effect on the population. We estimate the impact of these three hazards on GDP growth in Pakistan for the period 1951-2017. This study uses SLS technique for analysis of data and interpretation of results. The evidence suggests that GDP per capita growth and disaster management mitigate scale of floods related hazards. Most importantly and counter to the evidence from many other countries, floods frequency accentuates floods related hazards in Pakistan suggesting lack of learning from past experience with floods and lack of capacity of the concerned authorities. Regarding the relationship between floods and economic growth, this study finds that floods related hazards have significant negative impact on GDP growth of the economy, in which, damage to property plays an important role. Due to damage to property and lives of people, the Government and NGOs shift their resources from production sector to rehabilitation and reconstruction that slows down the GDP growth rate.

Key words: Flood, GDP, Flood related hazards, Economic loss, Mortality.