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Environmental damage costs India \$80bn a year

By Victor Mallet in New Delhi



Environmental degradation costs India about \$80bn a year, nearly 6 per cent of gross domestic product, the World Bank said on Wednesday in a report requested by the country's environment ministry.

The diagnostic report – the first to assess the economic impact of environmental damage for the whole of India and its 1.3bn inhabitants – shows the biggest problems to be air pollution, the degradation of crop lands, pastures and forests and poor water supply and sanitation.

“India has performed remarkably economically, but that’s not reflected in its environmental outcomes,” said Muthukumara Mani, the World Bank’s senior environmental economist. “‘Grow now, clean up later’ really doesn’t work.”

Similar studies conducted previously by the bank show some countries do even worse than India. China, for example, suffers annual losses of 9 per cent of gross domestic product from the degradation of its environment.

India, however, has exceptionally bad air pollution, both outside (from power stations, vehicles, industry and dust) and inside (mostly from wood smoke used for cooking). Other surveys show that India has the world’s worst air pollution, and has 13 of the 20 most polluted cities among big economies.

Mr Mani said 23 per cent of child deaths among Indians could be attributed to environmental factors, which means that about 350,000 under-fives die each year as a result of bad air, contaminated water or similar problems.

The country is prone to acute environmental disasters as well as chronic problems such as dirty air. Last month, about 6,000 Indians are believed to have been killed by flooding and landslides in the northern state of Uttarakhand. The National Institute of Disaster Management blamed the tragedy on a combination of heavy rains, deforestation and unchecked development in an old river bed.

The World Bank study shows that taking steps to cut air pollution would have a negligible impact on India’s economic growth, but would save money now spent on medical care and reduce the country’s emissions of carbon dioxide, the main contributor to global warming.

Reducing so-called PM10 particulates (large dust particles) by 30 per cent would cut average annual GDP growth by 0.04 per cent, but would save a total of \$47bn-\$105bn from reduced damage to human health and cut CO2 emissions by 30-60 per cent, the study shows.

“We need to focus on environmental sustainability and greener growth options,” Mr Mani said. “5.7 per cent of GDP [the reported annual cost] could down the road act as a brake on economic growth.”

The bank’s diagnostic reports, he said, could be used by environment ministries as tools for changing government policy. In China, the state had institutionalised the idea of calculating the cost of degradation and now took the concept of green GDP “very seriously”, he said.

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