

Conceptualizing Disasters and their Typologies

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Abstract

This paper develops a conceptual and typological framework for understanding disasters through an economic lens, distinguishing between natural and man-made events and their multifaceted impacts. Drawing on empirical evidence and historical case studies—from the 2001 Kutch earthquake to the financial crisis of 2007–08—the study explores the short- and long-term economic consequences of disasters, including output shocks, infrastructure losses, and fiscal pressures. It emphasizes the disproportionate vulnerability of developing economies and the compounding role of poverty and inequality. The paper further proposes a structured recovery model—rescue, relief, and rehabilitation—and outlines policy mechanisms for mitigating economic disruption. By integrating disaster typologies with economic analysis, the study contributes to the design of resilient, inclusive, and region-specific disaster response strategies.

Keywords: Disaster Economics; Natural Disasters; Man-made Disasters; Economic Impact; Disaster Recovery

JEL Classifications

Q54; H84; O44; R58

1. Introduction

1.1 Background and Motivation

Since time immemorial, mankind has faced various kinds of disturbances which have affected their lives, often, negatively. It could be floods, earthquakes, wars, etc. which have affected lives to the extent that civilizations have been wiped out. There are activities such as excavations where we can find cities which have been submerged under the sea or land. Civilization as we know today is about 6000 years old, and they have seen a longer history. During these long periods, cities, civilizations, countries have come and gone, or the physical boundaries have changed because of political or natural reasons.

The 21st century has witnessed an increase in both the frequency and intensity of disasters. Climate change, urbanization, globalization, and fragile political structures have amplified the economic, social, and environmental tolls of these events. The COVID-19 pandemic, the 2004 Indian Ocean tsunami, and the 2008 global financial crisis serve as stark reminders of how unprepared societies often are, both structurally and economically (S. Galan, 2025).

This paper responds to the growing need for an integrative approach that not only defines and classifies disasters but also evaluates their typologies and economic consequences based on existing literature. It seeks to inform academic inquiries and guide policymaking by drawing connections between disaster types and their varied economic footprints.

1.2 Objectives of the Study

To get the better understanding of disastrous events which have changed the world in millions of ways, we need a conceptual framework for disasters and their typologies; through which one can analyze their impact and built strategies to overcome those disasters. This section outlines the primary objectives that guide the inquiry in this study:

- **To conceptualize disasters and their fundamental characteristics:** The paper begins by interrogating the term “disaster” itself, exploring both theoretical and operational definitions from scholarly and institutional sources.
- **To identify and classify disaster typologies:** Disasters are broadly categorized into natural and man-made events, with further subdivisions based on cause, intensity, geographical spread, and duration which will help for the economical analysis.
- **To analyze the economic implications of disasters:** The study critically examines how different types of disasters affect physical infrastructure, labor markets, income distribution, poverty, and GDP, among other economic indicators.
- **To explore strategic frameworks for disaster response and recovery:** Drawing from empirical case studies, the study identifies best practices and policy recommendations for managing and mitigating the adverse effects of disasters.

2. Conceptual Framework

2.1 Defining Disasters:

A disaster is an event or series of events that cause extensive damage, destruction, or loss of life and overwhelm the capabilities of the affected community or society to cope using their own resources.

According to Perry and Quarantelli (2005), there is no universally accepted definition of disaster, largely because their identification is often context-dependent and influenced by socio-political interpretations. For this reason, there is no standard rule regarding which events should be included in disaster data sets, which, as a result, are difficult to compare (Tschoegl et al., 2006). "Catastrophe: Risk and Response" (Posner, 2004) warns about the importance of not underestimating catastrophic risks, even though the probabilities involved are very small. According to Kunreuther (1996), the concern is well-posed since there is evidence that property owners tend to ignore it and underinvest in insurance and mitigation efforts even in areas subject to high natural hazard risk. "At Risk: natural hazards, people's Vulnerability, and Disasters" (Wisner, Blaikie, Cannon, and Davis, 2003) explains very well the problems of exposure and vulnerability and how they can greatly affect the outcome of a natural hazard event. Despite the name “natural” disasters, what really matters is the socio-economic fabric of the affected population (Toya & Skidmore, 2007). The work of Carrara, A., & Guzzetti, F. (Eds.), 2013, addresses the problem of the spatial and temporal heterogeneity inherent in natural hazards and human vulnerability. This is very important when estimating or assessing disaster losses, and indeed, many government and private organizations employ Geographical Information Systems (GIS)-based models.

From an economic perspective, Hallegatte and Przyluski (2010) define a disaster as an event that significantly perturbs the functioning of the economic system—causing damage to assets, output, employment, and consumption. Importantly, the damage extends beyond physical loss to include systemic risks that affect macroeconomic stability and development trajectories.

In addition, several authors make a distinction between “small” and “large” disasters, meaning shocks to the economy that are marginal and non-marginal, respectively. This distinction is important because the two cases are fundamentally different (Martin & Pindick, 2015). Another important issue is understanding what is meant by words and phrases such as “assets”, “production factors”, etc. Most authors refer only to the marked-up ones. However, the functioning of the economic system also depends on non-priced “goods” such as public infrastructure, human and social capital, and natural ecosystems, whose losses are more difficult to evaluate. Determining the impact of a disaster is, therefore, problematic.

2.2 Typologies of Disasters

To advance an analytical understanding, this study adopts a typological classification of disasters into two principal categories: natural and man-made.

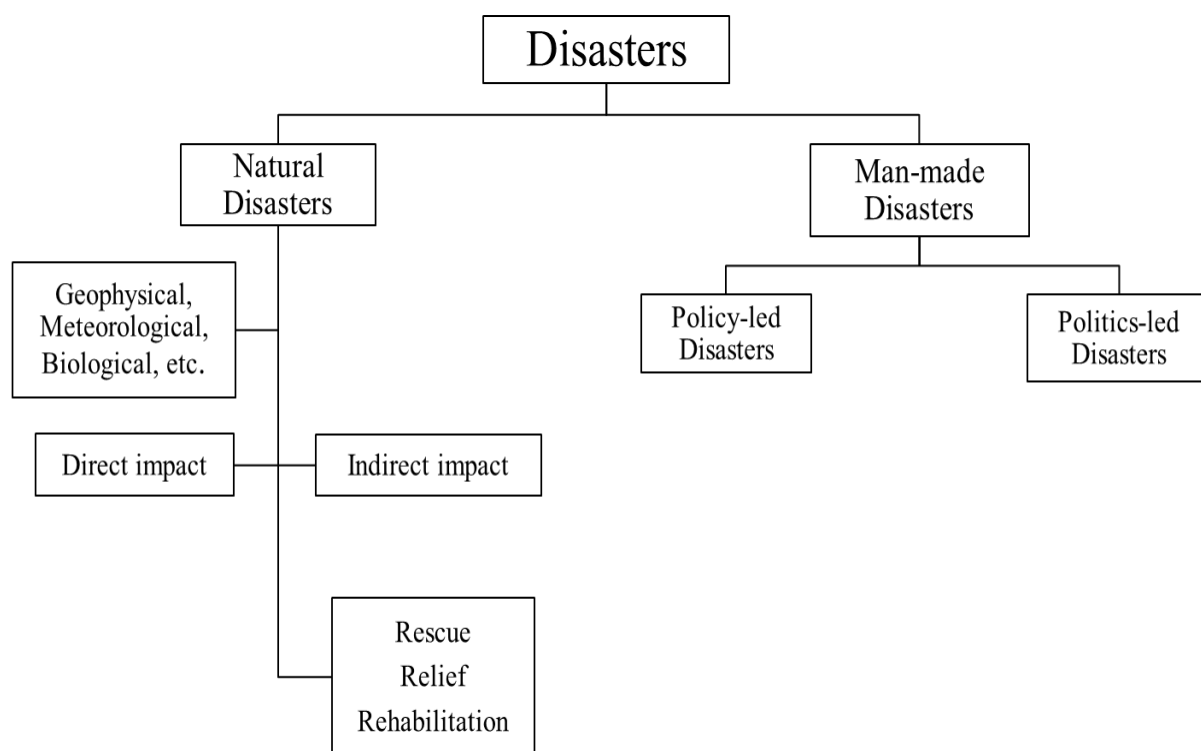


Fig.1 Typologies of disasters

2.2.1 Natural disasters

The study of whether natural disasters are a real obstacle to the growth and economic development of a country has been carried out by many experts, considering that natural disasters are unpredictable events but have a real impact on the economy.

According to Emergency event Database (EM-DAT), natural disasters include

Disaster Group	Disaster Sub- group	Disaster Main-type
Natural	Geophysical	Earthquake, Tsunami, Landslide, Volcanic activity
	Meteorological	Strom, Cold/ or heatwave
	Hydrological	Flood, Avalanche, and wave actions
	Climatological	Drought, Glacial Lake outburst, wildfire,
	Biological	Epidemic, Insect infections, Animal accidents
	Extraterrestrial	Cosmic airburst, Geomagnetic Strom, shockwave

“A disaster in an area will have an impact on economic losses, among others, in the form of infrastructure damage in the area where the disaster occurred” (Hidalgo and Baez, 2019). Studies on disasters conducted by many experts have found that disasters in the category of disasters that occur suddenly (hurricanes, earthquakes) will damage productive capital and infrastructure. Disasters categorized as slow-onset disasters (drought and floods) gradually advances, but these disasters have a wider and longer-term impact.

Few examples of Natural disaster include;

- Bangladesh Cyclone 1991

- Northridge (United States) earthquake 1994
- Kobe (Japan) earthquake 1995
- Kutch Earthquake 2001
- Indian Ocean earthquake (Tsunami) 2004
- European heat wave 2003
- Hurricane Katrina (United States) 2005
- Cyclone Nargis (Burma) 2008
- Haiti earthquake 2010
- Japan Tsunami 2011
- Hurricane Harvey (United States) in 2017.

According to Hoeppe (2016), the (inflation-corrected) economic losses from natural disasters have been increasing by the factor of three from 1980s to 2010s. Moreover, it has been observed that natural disasters occur by and large in confined areas, with certain exceptions like biological natural disasters such as COVID-19 or the Spanish Flu in 1918.

The Kutch Earthquake in 2001 had a magnitude of 7.6 Mw and lasted for almost 90 seconds. This disaster demolished the physical and social life around Kutch completely (Rastogi, 2004). But the direct effect of the earthquake was by and large confined to Kutch region and to certain extent to the state of Gujarat, meaning the effects were not equally spread across states, countries, or the globe. The economic effects of such disasters remain limited to the particular radius where the physical impact took place. Incidents affecting limited territory do not significantly affect the overall GDP of a large country, as the affected segment is just a fraction of the country's economy. It appears that the economic impact of a natural disaster is inversely proportional to the distance from the epicenter of the disaster. Generally, natural disasters' impacts are seen more in social, cultural, and infrastructural terms than an economic one. Natural disasters, barring biological natural disasters, generally have smaller recovery time frames compared to others.

A study conducted by Tseliosa and Tompkins (2018), observed that the relationship between the total impact of disasters and income resembles an inverted 'U' letter. This study also revealed that the impact of disasters varies across regions. Furthermore, the extent of a disaster's effect in a specific geography is influenced by the socio-economic conditions present there. Needless to add that countries with weaker economies tend to agonize more from these disasters.

To take the discussion forward, it is also important to distinguish between direct and indirect impacts. Direct impacts are the immediate damages sustained by assets, such as properties, as a result of a natural disaster. These losses typically occur during the event or in its immediate aftermath. Examples of such direct economic losses include damage or destruction of homes, commercial establishments, industrial assets, public infrastructure, agricultural crops, livestock, and both physical and mental health effects that can be quantified in monetary terms (Botzen et al., 2019). We can measure such losses through "catastrophe models" and from empirical data. Disasters have immediate direct impacts that can trigger significant indirect effects on economic activity. The associated indirect impacts include disruptions to commerce and lost opportunities for economic growth. A good understanding of indirect impacts, besides direct impact, is essential for grasping the short-term and long-term economic losses and designing recovery paths. It is equally important to underline that early investment in building resilience paves the way for stronger recovery and future prosperity (Kousky 2014). These indirect effects of disasters, sometimes called "higher-order effects", are forecasted using macroeconomic theories.

As regards the connection between natural disasters and economic growth there prevails a high-degree of uncertainty, as various studies have shown positive (Noy and Vu, 2010), negative, and sometimes no impact at all (Botzen et al., 2019), in the short as well as long term. These mixed findings are unexpected, considering that many previous studies relied on 5-year growth rates and mainly utilized data from the EM-DAT Database (Emergency Event Database) concerning disasters.

Impacts observed up to 5 years are classified as short-term and those beyond 10 years have been considered as long-term impacts of natural disasters. The in-between period is treated as medium-term.

2.2.2 Man Made Disasters

Human-induced hazards refer to large-scale disruptions occurring over either short or extended periods, resulting from deliberate actions or negligence. These events can lead to economic losses, fatalities, public health crises, and more. Such disasters are generally categorized into three types: sudden incidents, ongoing crises, and armed conflicts.

Lyudmila et al. (2021) underline several factors that contribute to these man-made accidents and catastrophes, including:

- Operational failures in technical systems due to design flaws or improper use;
- Mistakes made by personnel during the maintenance of technical infrastructure;
- Clustering of industrial operations without assessing potential interactions between them;
- Adverse external impacts on energy and transportation systems;
- Design and construction errors in buildings and other structures.

To elaborate on disasters as a result of failures in technical systems and man-made mistakes, the Chernobyl 1986 nuclear power plant accident caused serious radioactive contamination in the region and health problems from radiation exposure to populations all across Europe. The disaster resulted in the evacuation of thousands of people and caused long-term environmental and health effects, including an increase in cancer and birth defects in the surrounding area. As we can observe, the geographical range of the disaster was limited, the recovery model or first aid steps included rescue and relief, and the loss of human life was immense, like a natural disaster, but the cause of the disaster was Reactor design flaws and human error (World Nuclear Association, 2025). According to World Health Organization (WHO) data, due to the disaster, a total of 7,84,320 hectares of agricultural land were removed from service in the three countries, and timber production was halted for a total of 6,94,200 hectares of forest.

As presented in the United Nations by the Union of Soviet Socialist Republics (1990); the associated economic estimates were

- Total asset loss: 9.2 billion roubles in 1986-1989
- Total Output loss: 1.2 billion roubles
- Expenditure for re-construction: 2.94 billion roubles
- Total compensation paid: 1.25 billion roubles.
- Total indirect loss: 532 million roubles (for dealing with the after-effects of the Chernobyl disaster)

Going further, it is important to mention that the increase in the size and capacity of technical systems increases the risk of human, material, and environmental losses. Analysis of the causes of major accidents, according to UN data, shows that in most cases, mechanical failures were their direct causes. Another important cause of accidents is the human factor.

The major examples of man-made disasters include;

- The great depression 1929-39
- The Hiroshima-Nagasaki bombardment 1945
- The Seveso Disaster (Italy) 1976
- Love Canal disaster (NY) 1978
- Bhopal Gas leak 1984
- Gulf war oil spill 1991
- The Asian crisis 1997
- The financial crisis of 2007-08

- Demonetization in 2016 which paralyzed the informal sector in India

It is also important to highlight policy and politics related aspects of man-made disasters. With such a perspective, these can be further categorized into policy-led disasters, which arise from poorly designed or executed policies, and politics-led disasters, which stem from conflict or intentional destabilization. Further discussion on these two types follows.

2.2.2.1 Policy-led disasters

These disasters are typically outcomes of policy initiatives by the government. For example, Demonetization in 2016, implementation of Goods and Services Tax (GST) in 2018, etc. These disasters are not planned to create a hazardous environment but the policy action directly or indirectly creates one.

From the general observation of the examples and definitions provided, we can establish that such man-made disasters do not have confined affected areas, as do natural disasters. Policy-led man-made disasters will prevail and spread until they are met with proper countermeasures or support systems—these types of disasters spread through business linkages, supply chains, etc. If we talk about demonization (2016), the singular decision of the government of India impacted the whole country in the same manner, irrespective of geographical location, caste, income level, social background, etc. In the same manner, implementation of Goods and Services Tax (2018), acronym GST, had similar implications throughout the country. Small-scale businesses and informal sector enterprises got the maximum heat, and they suffered crucial business losses. GST has developed its own cycle and money rotation scheme, and the Government of India has made it compulsory for every vendor to get a GST certificate and make payments through that cycle.

At international level, an illustrative case is the 2007–08 financial crisis, often referred to as the subprime mortgage crisis. This failure is attributed to the policy measure of repealing the Glass-Steagall Act by the Clinton government (Corinne, 2011). This event marked a significant tightening of liquidity in global financial markets, stemming from the collapse of the U.S. housing sector. It posed a serious threat to the global financial infrastructure and led to the downfall—or near collapse—of several prominent investment banks, commercial banks, mortgage institutions, insurance firms, and savings and loan entities. It triggered the Great Recession (2007–2009), considered the most severe economic slump since the Great Depression (1929–circa 1939). As homeownership rates peaked and interest rates began climbing—starting with the Federal Reserve's rate hikes in June 2004, eventually reaching 5.25% by mid-2006—the housing market weakened further (Bianco, 2008). The financial turmoil prompted the approval of a bailout plan for Wall Street in early October 2008. The package included many measures, such as a huge government purchase of "toxic assets" and an enormous investment in bank stock shares. The public's indignation was widespread but it got the economy moving again. It also should be noted that the investments in the banks were fully recouped by the government, with interest. The approval of the bailout plan helped to stabilize the stock markets, which eventually reached their lowest point in March 2009 before beginning what would become the longest bull market on record (Guardian, 2018). Nevertheless, the crisis resulted in severe economic hardship and widespread personal suffering. The unemployment rate surged to 10%, and approximately 3.8 million Americans lost their homes due to foreclosure (Alan & Mark, 2015).

These calamities, as illustrated above, have occurred because of policy-led decisions, and as they are policy-led decisions, they affect the whole region or country the policy is applicable to and sometimes have global impact within a short period of time. Such man-made disasters can be controlled through contingency policy actions and systematic handholding initiatives.

2.2.2.2 Politics-led disasters

These disasters happen because of destructive political intentions. For example, the Hiroshima-Nagasaki bombardment in 1945, the Ukraine- Russia war in 2022, etc. These disasters occur when two governments do not see eye to eye on resolving a dispute, or when there is a direct intention to seize another's territory or establish dominance.

Hiroshima and Nagasaki atomic bombardments happened in 1945 during World War-2. The initial blasts claimed the lives of tens of thousands of people, with many more dying later from exposure to radiation. According to Tokyo Development Learning Center, the estimated economic loss at the time of the incident, August 1945, was approximately 884.1 million yen. Within five to six years following the bombings, survivors experienced a marked rise in leukemia cases. Roughly a decade later, higher-than-average rates of thyroid, breast, lung, and various other cancers began to emerge among those affected. Although the devastation was entirely the result of human actions, the scale and impact of the event resembled that of a natural disaster.

2.3 Relevance of Typologies in Economic Analysis

Typologies are not merely classificatory—they offer predictive and policy value. Understanding whether a disaster is natural or man-made, sudden or slow-onset, localized or systemic, helps in estimating economic costs, planning mitigation strategies, and allocating resources efficiently. For instance, natural disasters tend to have immediate and localized physical impacts, while man-made disasters often induce prolonged systemic economic distortions through financial contagion, migration, or supply chain disruption.

3. Economic Impact of Disasters

Disasters—whether natural or man-made—exert significant economic impacts that vary across time horizons, geographical regions, and socio-economic structures. This section investigates the economic consequences of disasters by distinguishing between short- and long-term effects, analyzing both direct and indirect costs, and drawing on empirical case studies to illustrate these dynamics.

3.1 Short-Term Economic Impacts

In the immediate aftermath of a disaster, economies typically experience a disruption of productive activity due to:

- **Loss of labor:** Human casualties, injuries, or displacement diminish workforce availability and productivity.
- **Destruction of capital:** Physical infrastructure, buildings, machinery, and crops are often heavily damaged or destroyed.

These direct losses may result in a further loss of potential labour hours (wages) and cause a decrease in the expected production output, say, agricultural or industrial output. The loss of potential wages and subsequent decrease in expected output impact the economic growth of the country, as the forgone wages would have been added to the country's GDP if the disaster had not happened (I. Noy & Nualsri, 2007). Recent studies generally conclude that natural disasters tend to have a negative effect on short-term economic growth (Federal Reserve Bank of Chicago, n.d.). The adverse impact is particularly pronounced in the case of severe disasters, as the extensive damage they cause can significantly hinder economic progress or even push the economy into a lower growth trajectory (Tang, et al., 2019). Research shows that developing nations are more vulnerable to these economic shocks compared to developed countries, primarily because they lack the financial and institutional capacity to manage the aftermath effectively (Fomby et al., 2013; Loayza et al., 2012). Additionally, countries with higher income levels, strong institutions, higher literacy,

greater integration with global markets, and well-developed disaster risk financing systems are generally better equipped to handle the economic disruptions caused by such events (Kahn, 2005; Noy, 2009).

On the other hand, we can also observe that disasters may also bring a positive impact or boost to certain sectors of the market in the short-to-medium term (A. Kumari, 2020). For example, COVID-19 has rattled the whole economic framework, but as it was a medical pandemic, the pharmaceutical industry got the boost of the decade.

3.2 Long-Term Economic Impacts

The long-term effects of disasters on economic growth are theoretically and empirically ambiguous. Some studies suggest that disasters shift the economy to a lower growth trajectory due to:

- Persistent loss of human capital
- Reduced investment and increased uncertainty
- Diversion of fiscal resources from development to reconstruction

For instance, recurring droughts or floods in low-income regions of Africa and South Asia had long-term implications for agricultural output, food security, and rural livelihoods. Similarly, the Chernobyl disaster (1986) led to multi-decade losses in productive assets, environmental degradation, and public health, with rehabilitation costs exceeding 18 billion rubles in the USSR (NEA, 2002).

Contrary perspectives, however, highlight potential positive spillovers from reconstruction and technological upgrading, consistent with the Schumpeterian theory of creative destruction (Cavallo et al., 2013). In some cases, disasters incentivize institutional reform, infrastructure modernization, and foreign aid inflows.

- The net long-term impact thus depends on factors such as:
- The country's income level
- Institutional capacity
- Access to capital and insurance
- The scale and recurrence of the disaster

3.3 Sectoral and Distributional Effects

Disasters often disproportionately affect vulnerable sectors and populations:

- Agriculture and informal labor markets face acute exposure due to limited buffers.
- Poor communities bear a greater burden due to pre-existing income inequality and lower adaptive capacity.
- Disasters tend to widen income disparities and increase poverty, particularly in rural or underserved regions (Groeschl, 2020).

In Pakistan and Malaysia, studies reveal strong correlations between disaster occurrence, unemployment, and rising inequality. Similarly, empirical estimates indicate that disaster-induced food price inflation and health deterioration can reduce annual income by over 20% among poor households (Songwathana, 2018).

4. Disaster Response and Recovery Framework

Disasters, regardless of origin, demand systematic and timely responses to minimize human suffering, restore economic functionality, and ensure long-term resilience. This section presents a phased approach to disaster recovery, informed by empirical case studies and global best practices, with particular focus on economic rehabilitation and institutional roles.

4.1 Phases of Disaster Management

The economic response to disasters can be broadly divided into three interdependent phases: rescue, relief, and rehabilitation. Each phase involves distinct policy mechanisms, resource requirements, and coordination structures.

4.1.1 Rescue Phase

This is the very first step towards recovery from a natural disaster, which includes immediate steps to save people's lives at any cost. This step could include help from any national forces, neighboring states, or countries to meet the immediate need for manpower. This phase generally lasts for about 2-7 days, with maximum capacity and resources.

4.1.2 Relief Phase

Relief is the second phase of recovery from natural disasters. Local, state, or central governing bodies must focus their resources on providing fresh clothes, food, shelter, and health-related accommodations, including stand-in doctor teams, medical resources, and emergency pathways to the nearest hospital for the critically wounded citizen. The authority should distribute its resources well and without bias. This phase generally lasts for about 1-2 months (maximum 6 months) after the rescue phase.

4.1.3 Rehabilitation Phase

The last step in recovering from a natural disaster includes the Rehabilitation of the economy, jobs, etc. This phase emphasizes the need to develop opportunities in the fields of business, jobs, and infrastructure as soon as possible. The authority must welcome any help, whether financial or non-financial. The government should start the rebuilding/repair of infrastructure, which will generate employment. Moreover, the government should help the situation with policy actions such as, free food for a certain period, tax incentives, ease of business regulations, free internet, ease of travel, etc.

4.2 Economic Policy Instruments for Recovery

Disaster recovery is as much a policy challenge as it is an operational one. Governments must use a mix of monetary, fiscal, and structural policies to support recovery:

- Fiscal stimulus: Government spending on reconstruction boosts demand and employment.
- Monetary easing: Lower interest rates can stimulate investment in affected areas.
- Public-private partnerships (PPPs): These can accelerate infrastructure rebuilding and reduce fiscal pressure.
- Social protection schemes: Targeted transfers and insurance mechanisms reduce vulnerability of poor households.

International aid, multilateral development banks, and insurance markets also play critical roles in risk sharing and financing recovery.

4.3 Case Study: Kutch Earthquake Recovery Model

The recovery approach post the 2001 Kutch earthquake serves as a benchmark for disaster rehabilitation in India. According to study done by Pramod Mishra (2004) the key features included:

- Employment generation through debris removal and public works
- Decentralized reconstruction, empowering local governments and communities
- Transparent communication to manage public expectations and prevent misinformation
- Equity-focused policies, prioritizing support to the most vulnerable segments

Economic impact estimates from Gujarat's recovery program revealed:

- Total asset loss: ₹9,900 crore (\$2.1 billion)

- Output loss: ₹2,300–3,000 crore (2–3% of state GDP in 1999-00)
- Fiscal deficit expansion: ₹10,100 crore over three years

Yet, reconstruction efforts led to a rebound in growth and infrastructure upgrading, highlighting the value of well-executed recovery planning.

5. Policy Implications and Recommendations

Disasters, whether natural or man-made, present not only humanitarian challenges but also profound economic disruptions. As their frequency and intensity escalate globally, formulating robust and proactive economic policies becomes imperative. The table below distills the insights from preceding analysis into strategic recommendations for governments, institutions, and policymakers to enhance disaster resilience and recovery.

Area	Key Policy Actions
Pre-disaster Planning	Vulnerability mapping, risk-sensitive budgeting, insurance schemes
Institutional Capacity	Decentralization, accountability mechanisms, disaster-specific fiscal tools
Social Protection	Targeted subsidies, access to services, gender-responsive programming
Recovery Finance	Disaster funds, concessional borrowing, PPP models
Global Cooperation	Regional frameworks, climate financing, knowledge exchange

(The table is inspired from National Policy on disaster management, Asia- Pacific disaster risk network by UN and Bashar, 2008.)

By institutionalizing these policy actions, economies can not only reduce the cost of disasters but also transform crises into opportunities for inclusive, sustainable development.

6. Conclusion

This study has undertaken a comprehensive exploration of disasters namely natural, and man-made disasters. By conceptualizing disasters beyond their physical manifestations and classifying them into typologies based on origin, scale, and systemic impact, the paper establishes a framework that enables more nuanced policy responses and economic forecasting.

The analysis reveals that disasters generate both immediate and long-term economic consequences. These effects differ not only in magnitude but also in distribution across sectors, geographies, and income groups. While natural disasters often cause localized infrastructure loss and temporary economic slowdowns, man-made disasters, especially those rooted in policy or systemic failures, tend to exert broader and longer-lasting impacts. Moreover, the empirical evidence underscores that vulnerable populations and developing economies suffer disproportionately, necessitating a redistributive and resilience-focused policy approach.

Drawing from historical case studies like the Kutch earthquake and the global financial crisis, it demonstrates that effective disaster response is contingent on preparedness, institutional capacity, and inclusive economic planning.

Key policy takeaways include the integration of disaster risk into macroeconomic and fiscal planning, the expansion of financial safety nets, investment in resilient infrastructure, and the imperative for international cooperation, particularly in the face of climate-induced risks.

As disasters become more frequent and complex, future research should focus on quantifying indirect economic effects using dynamic general equilibrium models, examining the role of digital infrastructure in disaster mitigation, and exploring the intersection of political economy and disaster governance. By deepening our understanding and refining our responses, societies can convert moments of crisis into opportunities for structural transformation and equitable development.

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