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**STANDING COMMITTEE ON FINANCE  
(2020-21)**

**SEVENTEENTH LOK SABHA**

**MINISTRY OF HOME AFFAIRS AND MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)**

*[Action taken by the Government on the recommendations contained  
in Seventy-First Report (16<sup>th</sup> Lok Sabha) on the subject 'Central  
Assistance for Disaster Management and Relief']*

**THIRTIETH REPORT**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 2021 / Phalguna, 1942 (Saka)**

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STANDING COMMITTEE ON FINANCE  
(2020-2021)

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MINISTRY OF HOME AFFAIRS AND MINISTRY OF FINANCE  
(DEPARTMENT OF EXPENDITURE)

*[Action taken by the Government on the recommendations contained in Seventy-First Report (16<sup>th</sup> Lok Sabha) on the subject 'Central Assistance for Disaster Management and Relief']*

*Presented to Lok Sabha on 16 March, 2021*

*Laid in Rajya Sabha on 16 March, 2021*



LOK SABHA SECRETARIAT  
NEW DELHI

March, 2021 / Phalguna, 1942 (Saka)

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\* Not appended in the cyclostyled copy

## COMPOSITION OF STANDING COMMITTEE ON FINANCE (2020-2021)

### **Shri Jayant Sinha - Chairperson**

#### **MEMBERS**

##### LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sukhbir Singh Badal
4. Shri Subhash Chandra Baheria
5. Shri Vallabhaneni Balashowry
6. Shri Shrirang Appa Barne
7. Dr. Subhash Ramrao Bhamre
8. Smt. Sunita Duggal
9. Shri Gaurav Gogoi
10. Shri Sudheer Gupta
11. Smt. Darshana Vikram Jardosh
12. Shri Manoj Kishorbhai Kotak
13. Shri Pinaki Misra
14. Shri P.V Midhun Reddy
15. Prof. Saugata Roy
16. Shri Gopal Chinayya Shetty
17. Dr. (Prof.) Kirit Premjibhai Solanki
18. Shri Manish Tewari
19. Shri Parvesh Sahib Singh Verma
20. Shri Rajesh Verma
21. Shri Giridhari Yadav

##### RAJYA SABHA

22. Shri Rajeev Chandrasekhar
23. Shri A. Navaneethakrishnan
24. Shri Praful Patel
25. Dr. Amar Patnaik
26. Shri Mahesh Poddar
27. Shri C.M. Ramesh
28. Shri Bikash Ranjan
29. Shri G.V.L Narasimha Rao
30. Dr. Manmohan Singh
31. Smt. Ambika Soni

#### SECRETARIAT

1. Shri Vinod Kumar Tripathi - Joint Secretary
2. Shri Ramkumar Suryanarayanan - Director
3. Shri Kulmohan Singh Arora - Additional Director
4. Ms. Madhumita - Assistant Committee Officer

## INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Thirtieth Report on action taken by Government on the Observations / Recommendations contained in the Seventy-First Report of the Committee (Sixteenth Lok Sabha) on 'Central Assistance for Disaster Management and Relief'.

2. The Seventy-First Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 13 February, 2019. The Action Taken Notes on the Recommendations were received from the Government *vide* their communication dated 20 October, 2020.

3. The Committee considered and adopted this Report at their sitting held on 10 March, 2021.

4. An analysis of the action taken by the Government on the recommendations contained in the Seventy-First Report of the Committee is given in the Appendix.

5. For facility of reference, the observations / recommendations of the Committee have been printed in bold in the body of the Report.

**NEW DELHI**  
**10 March, 2021**  
**19 Phalguna, 1942 (Saka)**

**SHRI JAYANT SINHA,**  
**Chairperson,**  
**Standing Committee on Finance**

## REPORT CHAPTER I

This Report of the Standing Committee on Finance deals with the action taken by the Government on the recommendations/observations contained in their Seventy-First Report on 'Central Assistance for Disaster Management and Relief' pertaining to the Ministry of Home Affairs and Ministry of Finance (Department of Expenditure) which was presented to Lok Sabha and laid in Rajya Sabha on 13<sup>th</sup> February, 2019.

2. Action taken notes (consolidated) have been received on behalf of Ministry of Home Affairs and Ministry of Finance (Department of Expenditure) on 20<sup>th</sup> October, 2020 in respect of all the 15 recommendations/observations contained in the Report. The replies have been analyzed and categorized as follows:

- (i) Recommendations/Observations that have been accepted by the Government:

Recommendation No. 5, 7, 9, 10 and 14

(Total 5)  
(Chapter- II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:

Recommendation Nos. 1, 2, 3, 4, 6, 8, 11, 12, 13 and 15

(Total 10)  
(Chapter- III)

- (iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee:

Recommendation No. NIL

(Total - NIL)  
(Chapter -IV)

- (iv) Recommendations/Observations in respect of which final replies by the Government are still awaited:

Recommendation No. NIL

(Total - NIL)  
(Chapter- V)

3. The Committee desire that the replies to the observations / recommendations contained in Chapter-I of this Report may be furnished to them expeditiously.

4. The Committee will now deal with and comment upon the action taken by the Government on some of their recommendations.

#### **Recommendation (Sl. No. 5)**

5. With particular reference to the States of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Odisha, severely affected by the recent cyclone/floods, it has been submitted to the Committee that central assistance has been released amounting to Rs 458.10 cr (SDRF) and Rs 539.52 cr (NDRF) for Andhra Pradesh; Rs 288 cr (SDRF) and Rs 525.22 cr (NDRF) for Karnataka; Rs 192.60 cr (SDRF) and Rs 2904.85 cr (NDRF) for Kerala; Rs 707.40 cr (SDRF) and Rs 900.31 cr (NDRF) for Tamil Nadu; Rs 778.50 cr (SDRF) and Rs 341.72 cr (NDRF) for Odisha. However, the Committee note that these States have demanded more funds from the central government due to a mis-match between their estimates and the availability of funds under SDRF, particularly for reconstruction/restoration works, which could suffer due to limited resources with the states.

6. In their Action Taken Replies, the Government have stated as under :-

#### **Ministry of Home Affairs & Ministry of Finance (Department of Expenditure)**

" This is a statement of fact.

However, the demands of the States Governments are considered within the broad guidelines of the NDRF/SDRF scheme and assistance is provided as per the approved list of items and norms of assistance from NDRF/SDRF, irrespective of the amount demanded.

The states' demand for reconstruction and restoration work are to be met from the State Plans / Centrally Sponsored Scheme funds of the concerned states.

It is added that States' share in divisible central pool of taxes have been increased from 32% in 13<sup>th</sup> Finance Commission award period (2010-15) to 42% in 14<sup>th</sup> Finance

Commission award period (2015-2020), which allow more untied funds to States Governments.”

7. **The Committee note that the disaster affected States were demanding more funds from the Central Government due to a mismatch between their estimates and the availability of funds under the State Disaster Response Fund (SDRF), particularly for reconstruction / restoration works. The Committee understand that since the States’ share in divisible Central pool of taxes have been substantially increased from 32% in 13<sup>th</sup> Finance Commission award period (2010-15) to 42% in 14<sup>th</sup> Finance Commission award period (2015-20), they have more untied funds available with them which can be used to carry out post-disaster reconstruction / restoration works. The Committee also note that the States demand for reconstruction and restoration work are to be met from the Centrally Sponsored Schemes (CSS) funds of the concerned States, whereby the flexi-fund component within the CSS could be utilized. The Committee desire that a flexible mechanism be explored, whereby States that have been adversely impacted by a disaster of particularly severe nature may be allowed to use a higher share i.e., more than the 25 percent flexi-fund component of a CSS for carrying out post-disaster reconstruction / restoration works.**

#### **Recommendation (Sl. No. 9)**

8. Further, with a view to bringing greater flexibility to the funding mechanism, the Committee would recommend that an additional 10% of the allocation of the centrally sponsored schemes may be "specially earmarked" to undertake permanent restoration of damaged structures, which can be sanctioned by the concerned Ministry based on the recommendation of the State Executive Committee of the SDMA. The Committee would thus expect greater availability of resources for disaster management at the hands of the affected States through these measures.

9. In their Action Taken Replies, the Government have stated as under :-

#### **Ministry of Home Affairs & Ministry of Finance (Department of Expenditure)**

"The Cabinet has already approved 25% annual allocation of Centrally Sponsored Scheme to each State to be kept as flexi funds. Ministry of Finance (Department of



Expenditure) has issued guidelines to operate this provision. A notification conveying the decision of the Cabinet for creation of flexi funds and a copy of the guidelines issued by Department of Expenditure for its operationalization is attached at **Annexure**.

It may be seen that as per the current guidelines, flexi funds may be used to undertake measures for mitigation of disaster also.”

**10. The Committee had recommended that an additional 10% of the allocation of the CSS may be ‘specially earmarked’ for undertaking permanent restoration of damaged structures. In their reply, the Ministry have informed that under the flexi-fund facility, 25% annual allocation of CSS can be used for various works, including disaster mitigation. The Committee would thus like to be apprised about the utilization of the flexi-fund facility with regard to disaster mitigation, as also the constitution of State Level Sanctioning Committee (SLSC) (State-wise), that is necessary for availing this facility, alongwith reasons for those States that have not constituted SLSC till now.**

#### **Recommendation (Sl. No. 10)**

11. In this regard, the Committee also desire that the borrowing powers of the affected States may also be enhanced in the event of a calamity/disaster, while also permitting them to raise resources, both domestically and externally subject to usual clearances. The Committee believe that in view of the diversity in geographical, social and economic factors across different regions in the country, a flexible and pragmatic approach should be adopted towards relief, rehabilitation and reconstruction.

12. In their Action Taken Replies, the Government have stated as under :-

#### **Ministry of Home Affairs & Ministry of Finance (Department of Expenditure)**

“States are allowed to borrow within the recommendation of the Finance Commission, which prescribed that fiscal deficit of all States will be anchored to an annual limit of 3 percent of GSDP. Further, in wake of current COVID-19 pandemic, additional borrowing limit of up to 2 percent of GSDP has been allowed to States for the year 2020-21 linked to specific State Level Reforms.”

13. The Committee were informed that in the wake of Covid-19 pandemic, the borrowing limit of States have been enhanced by upto 2 per cent for the year 2020-2021 linked to specific State level reforms, over and above the annual limit of 3 per cent of GSDP. The Committee while appreciating this move would also like to reiterate their earlier recommendation that in view of the diversity in geographical, social and economic factors across different regions in the country, a flexible and pragmatic approach may be adopted on borrowing powers of the affected States towards disaster relief, rehabilitation and reconstruction.

#### **Recommendation (Sl. No. 14)**

14. The Committee acknowledge the efforts of the concerned state governments (specially the district administration), the NDMA and the National Disaster Response Force and personnel of the Armed Forces in undertaking immediate rescue and relief operations in the disaster-affected areas. The Central Government agencies have been supplementing the efforts of States in providing immediate response and relief in the event of a severe disaster that is beyond the coping capacity of the State. The Committee are happy to note that IMD and ISRO have been coordinating and synergising their capacities for disaster-forecasting and preparedness. Further, ISRO has also been providing technical support for restoration of telecommunication networks. The Committee would expect ISRO to utilize their capacities to enhance their participation and support in this regard including drought and water-level mapping in coordination with the NDMA and the state authorities.

15. In their Action Taken Replies, the Government have stated as under :-

#### **Ministry of Home Affairs & Ministry of Finance (Department of Expenditure)**

“Disaster Management is a continuous, ongoing and evolving process. With the evolution and use of technology in the field of disaster management, the efforts on the part of different government organization has seen a sea change. Ministry of MHA in coordination with different ministries / Departments and organization such as ISRO, IMD, NDMA, NDRF, GSI & CWC is constantly making its endeavour to bring it at one platform and using the state of art technology in minimizing the scope of disaster.”

**16. The Committee while acknowledging the coordination between IMD and ISRO for disaster-forecasting and preparedness, had desired that ISRO must utilize their capacities to enhance their participation and support for drought and water-level mapping, in coordination with the NDMA and the State authorities. The Committee would expect both IMD and ISRO to continue their coordination in this regard more rigorously.**

#### **Recommendation (Sl. No. 15)**

17. The Committee has attempted to bring together all the concerned agencies including the representatives of the State Governments for deliberations in a single forum during the course of examination of this subject. The Committee would now expect that the Ministry of Home Affairs and the NDMA would take this process forward and provide an institutionalised mechanism to bring together all the central agencies involved in the management of national disasters like the Indian Space Research Organisation (ISRO), Indian Meteorological Department (IMD), Geological Survey of India (GSI), Central Water Commission (CWC), Department of Financial Services and other designated agencies with a view to coordinating and harmonising their role and capacities for disaster preparedness, response, relief and reconstruction. The disaster preparedness, relief and reconstruction experience and models evolved in countries like Philippines should also be studied and their best practices appropriately incorporated in our disaster management approach . Details of follow-up action initiated in this regard may be submitted to the Committee within one month of presentation of this Report.

18. In their Action Taken Replies, the Government have stated as under :-

#### **Ministry of Home Affairs & Ministry of Finance (Department of Expenditure)**

“The Disaster Management Act, 2005 stipulates provisions for disaster risk management including institutional mechanism to carry out as per the provisions of the Act. NDMA has already issued guidelines on disaster risk management for various hazards / themes. As per section 10(2) of the Disaster Management Act, 2005 the National Executive Committee acts as the Coordinating and monitoring body for disaster management.”

19. The Committee had recommended the Ministry of Home Affairs and the NDMA to provide an institutionalized mechanism to bring together all the central agencies involved in the management of National disasters. The Ministry have submitted in their reply that as per Section 10(2) of the Disaster Management Act 2005, the National Executive Committee acts as the coordinating and monitoring body for disaster management. The Committee would expect this mechanism to be nurtured and further strengthened for comprehensive disaster management.

The Committee had further recommended the Ministry to study sustainable disaster management models in countries like Philippines and appropriately incorporate their best practices in our Disaster Management approach. While acknowledging the rapid strides made thus far in our disaster response and able management, the Committee would like to be informed about the follow-up measures with regard to sustainable disaster management models/practices globally.

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation (Serial No. 5)**

With particular reference to the States of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Odisha, severely affected by the recent cyclone/floods, it has been submitted to the Committee that central assistance has been released amounting to Rs. 458.10 crore (SDRF) and Rs. 539.52 crore (NDRF) for Andhra Pradesh; Rs. 288 crore (SDRF) and Rs. 525.22 crore (NDRF) for Karnataka, Rs. 192.60 crore (SDRF) and Rs. 2904.85 crore (NDRF) for Kerala; Rs. 707.40 crore (SDRF) and Rs. 900.31 crore (NDRF) for Tamil Nadu; Rs. 778.50 crore (SDRF) and Rs. 341.72 crore (NDRF) for Odisha. However, the Committee note that these States have demanded more funds from the central government due to a mis-match between their estimates and the availability of funds under SDRF, particularly for reconstruction / restoration works, which could suffer due to limited resources with the states.

#### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), "This is a statement of fact. However, the demands of the States Governments are considered within the broad guidelines of the NDRF/SDRF scheme and assistance is provided as per the approved list of items and norms of assistance from NDRF/SDRF, irrespective of the amount demanded. The states' demand for reconstruction and restoration work is to be met from the State Plans / Centrally Sponsored Scheme funds of the concerned states. It is added that States' share in divisible central pool of taxes have been increased from 32% in 13th Finance Commission award period (2010-15) to 42% in 14th Finance Commission award period (2015-2020), which allow more untied funds to States Governments".

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)

Part Dated 20.10.2020]

### **Recommendation (Serial No. 7)**

In this context, the Committee would also recommend that the estimation of requirement of funds for disaster relief and reconstruction should be normatively based on particular vulnerability of the state to disasters through scientifically validated hazard vulnerability risk profile of a state instead of past-expenditure.

#### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), "XV-FC in assessing the State-wise allocations for the year 2020-21 in its interim Report, made a departure from the expenditure-based approach to a methodology which reflects the risk and vulnerability profile of each State".

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD) Part  
Dated 20.10.2020]

### **Recommendation (Serial No. 9)**

Further, with a view to bringing greater flexibility to the funding mechanism, the Committee would recommend that an additional 10% of the allocation of the centrally sponsored schemes may be "specially earmarked" to undertake permanent restoration of damaged structures, which can be sanctioned by the concerned Ministry based on the recommendation of the State Executive Committee of the SDMA. The Committee would thus expect greater availability of resources for disaster management at the hands of the affected State through these measures.

#### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), "The Cabinet has already approved 25% annual allocation of Centrally Sponsored Scheme to each State to be kept as flexi funds. Ministry of Finance (Department of Expenditure) has issued guidelines to operate this provision. A notification conveying the decision of the Cabinet for creation of flexi funds and a copy of the guidelines issued by Department of Expenditure for its operationalization is attached at

**Annexure.** It may be seen that as per the current guidelines, flexi funds may be used to undertake measures for mitigation of disaster also”.

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD) Part  
Dated 20.10.2020]

### **Recommendation (Serial No. 10)**

In this regard, the Committee also desire that the borrowing powers of the affected States may also be enhanced in the event of a calamity/disaster, while also permitting them to raise resources, both domestically and externally subject to usual clearances. The Committee believe that in view of the diversity in geographical, social and economic factors across different regions in the country, a flexible and pragmatic approach should be adopted towards relief, rehabilitation and reconstruction.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “States are allowed to borrow within the recommendation of the Finance Commission, which prescribed that fiscal deficit of all States will be anchored to an annual limit of 3 per cent of GSDP. Further, in wake of current COVID-19 pandemic, additional borrowing limit of up to 2 percent of GSDP has been allowed to States for the year 2020-21 linked to specific State Level Reforms”.

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD) Part  
Dated 20.10.2020]

### **Recommendation (Serial No. 14)**

The Committee acknowledge the efforts of the concerned state governments (specially the district administration), the NDMA and the National Disaster Response Force and personnel of the Armed Forces in undertaking immediate rescue and relief operations in the disaster-affected areas. The central government agencies have been supplementing the efforts of States in providing immediate response and relief in the event of a severe disaster that is beyond the coping capacity of the State. The

Committee are happy to note that IMD and ISRO have been coordinating and synergising their capacities for disaster-forecasting and preparedness. Further, ISRO has also been providing technical support for restoration of telecommunication networks. The Committee would expect ISRO to utilize their capacities to enhance their participation and support in this regard including drought and water-level mapping in coordination with the NDMA and the state authorities.

**Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “Disaster Management is a continuous, ongoing and evolving process. With the evolution and use of technology in the field of disaster management, the efforts on the part of different government organization has seen a sea change. Ministry of MHA in coordination with different ministries / Departments and organization such as ISRO, IMD, NDMA, NDRF, GSI & CWC is constantly making its endeavour to bring it at one platform and using the state of art technology in minimizing the scope of disaster”.

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD) Part  
Dated 20.10.2020]



## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

#### **Recommendation (Serial No. 1)**

The Committee have taken this subject for detailed examination particularly in the context of the recent devastating cyclone/floods/landslides in Odisha, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala and the financial constraints faced by the affected States in meeting their relief, rehabilitation and reconstruction expenditure. The Committee note that the country has become all the more vulnerable in recent years to floods, droughts, cyclones, earthquakes, landslides, avalanches etc. due to factors such as climate change, deforestation, encroachments etc. our country's geo-climatic conditions as well as its high degree of socio-economic vulnerability makes it one of the most disaster-prone countries in the world. Out of 36 States and Union Territories in the country, 27 of them are disaster-prone.

#### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), "This is a statement of fact. Since Disasters are unpredictable, sudden and severe in nature, therefore funding of disaster reconstruction activities through budgetary exercise is not practical. Keeping a large sum from budget idle for disaster reconstruction may not be desirable. Insurance is the best route and scientific way to address these requirements".

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)

Part Dated 20.10.2020]

#### **Recommendation (Serial No. 2)**

The chief legal framework for disaster management is provided by the Disaster Management Act 2005 and the institutional mechanism comprises of the National Disaster Management Authority, headed by the Prime Minister, State Disaster

Management Authorities headed by the respective Chief Minister, the National Disaster Response Force (NDRF) and the District Disaster Management Authority headed by the District Collector.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure),  
“This is a statement of fact.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

### **Recommendation (Serial No. 3)**

The Financial mechanism for immediate disaster relief is provided to the affected States from the State Disaster Response Fund (SDRF) and also the National Disaster Response Fund (NDRF) by way of additional financial assistance when in the event of a calamity of severe nature SDRF is insufficient to meet the relief requirement. The quantum of assistance from NDRF is subject to adjustment of 50% of the balance in SDRF as on 1<sup>st</sup> April of the current financial year. With the implementation of the GST regime, the Ministry of Finance has decided to implement the recommendation of the 14<sup>th</sup> Finance Commission in full, with effect from 1<sup>st</sup> April, 2018, wherein all States will contribute 10% of the SDRF and the remaining 90% would be contributed by the Union Government during 2018-19 and 2019-20. In this regard, the 14<sup>th</sup> Finance Commission has adopted the practice of previous Commission and used past experience on disaster relief for the period 2006-07 to 2012-13 to determine SDRF corpus for each state and accordingly, recommended an amount of Rs. 61,220 crore as aggregated corpus of SDRF for all States for the award period 2015-20. The Ministry of Finance, Department of Expenditure releases the Centre's share of SDRF to the State Governments in two installments - in June and in November every year, upon recommendation of Ministry of Home Affairs. On the other hand, NDRF is a cess-based fund and the provision for this fund is made on the basis of collections in the form of National Calamity Contingency Duty (NCCD) imposed on specified goods

under central excise and customs. The Committee, however, find that with the introduction of GST, the scope of coverage of NCCD is shrinking, thereby reducing the tax receipts on this account. The revenue collection in the form of NCCD has thus substantially reduced from Rs. 5690 crore in 2015-16 to Rs. 2500 crore in 2018-19, which has constrained the funding scope from NDRF. The Committee would expect the GST Council and the Ministry of Finance to take a view on augmenting this fund.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “Though the observations are a matter of fact, however, Govt. of India has provided budgetary support of Rs.10,000 crore in NDRF during FY 2018-19(RE) and during the FY 2019-20 additional financial assistance to the tune of Rs.18530.50 crore was released to 10 disaster affected States from NDRF. The XV-Finance Commission (XV-FC) has *inter alia* recommended Rs. 28,983 crore to the States under State Disaster Risk Management Fund (SDRMF) and Rs.12,390 crore for National Disaster Risk Management Fund (NDRMF) for the FY 2020-21, which has been accepted by the Government of India. The XV-FC has *inter alia* made allocation within NDRMF and SDRMF for different windows such as National Disaster Response Fund (NDRF) and National Disaster Mitigation Fund (NDMF) and State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF). XV-FC has recommended continuation of the existing cost sharing arrangement between the Union and State Governments in the ratio of 75:25 for normal States and 90:10 for the North-East and Himalayan States.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)

Part Dated 20.10.2020]

### **Recommendation (Serial No. 4)**

However, the Committee note that the Government of India has enhanced the allocation under SDRF from Rs 33,580 crore for the period 2010-15 to Rs 61,220 cr for the period 2015 to 2020. According to the submission made by the Ministry of

Home Affairs, during FY 2018-19 an amount of Rs 11,542.50 cr. has been allocated as central share to all the states in their SDRF accounts. In addition, financial assistance from NDRF amounting to Rs 6921.49 cr. has also been released to 13 States affected by calamities of a severe nature during the current financial year. The Committee have also been informed that the Terms of Reference of the 15th Finance Commission inter-alia include reviewing the present arrangements regarding financing of disaster management initiatives with reference to the funds constituted under the Disaster Management Act, 2005.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “As a major departure from the existing scheme of financing of disaster management, the XV-FC in its interim report for the FY-2020-21, recommended an allocation of Rs. 28,983 crore to the States under State Disaster Risk Management Fund (SDRMF) and Rs.12,390 crore for National Disaster Risk Management Fund (NDRMF), which has been accepted by the Government of India. Out of this amount of Rs. 28,983 crore, it has been recommended that the share of SDRF shall be 80% and the share of SDMF 20%. Within the SDRF allocation of 80%, there would be three sub-allocations such as Response and Relief (40%), Recovery and Reconstruction (30%) and Preparedness and Capacity-building (10 %). The allocation for the NDRMF should also be subdivided into funding windows similar to that of the SDRMF.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

### **Recommendation (Serial No. 6)**

Some chronically disaster-prone states such as Odisha have submitted to the Committee that major items of relief/reconstruction expenditure are not covered in the existing SDRF/NDRF assistance norms followed by the central government. According to them, due to inadequate assistance, systems quality, capacity and strength gets reduced, increasing their vulnerability to further damages. Keeping in

view the considered submissions made by the affected states, the Committee would recommend that the rates and scale of assistance under SDRF/NDRF last fixed in the year 2015 should be suitably enhanced so that major heads of relief/restoration expenditure are covered like restoration of all government educational institutions, non-residential government buildings, all transmission power sub-stations/infrastructure, maintenance of multipurpose cyclone shelters repair/maintenance of emergency equipment, distribution of cattle fodder and other such expenditure. The Committee would also suggest that restoration work of damaged public infrastructure should be allowed from SDRF/NDRF on "actual cost basis" on the "principle of build-back-better" as per schedule of rates of state governments instead of the present approach of funding only the repair/restoration of immediate nature. Accordingly, norms may be relaxed for re-construction of permanent nature and in severe drought conditions, for expenditure on capital works like borewells, pump sets and in the case of cyclones, multi-hazard resistant housing etc.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), "The XV-Finance Commission (XV-FC) has *inter alia* recommended Rs. 28,983 crore to the States under State Disaster Risk Management Fund (SDRMF) and Rs.12,390 crore for National Disaster Risk Management Fund (NDRMF) for the FY 2020-21, which has been accepted by the Government of India. The XV-FC has *inter alia* made allocation within NDRMF and SDRMF for different windows such as National Disaster Response Fund (NDRF) and National Disaster Mitigation Fund (NDMF) and State Disaster Response Fund (SDRF) and State Disaster Mitigation Fund (SDMF). Keeping in mind the interim recommendation of the XV-FC for the FY-2020-21, the existing Guidelines and items and norms for SDRF/NDRF has been extended for the FY-2020-21. Moreover, XV-FC has also recommended that these mitigation funds shall be used for those local level and community-based interventions which reduce the risks and promote environment-friendly settlements and livelihood practices, and large-scale mitigation interventions such as construction of coastal walls, flood

embankments, support for drought resilience etc. should be pursued through regular development schemes and not from the mitigation fund.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

### **Recommendation (Serial No. 8)**

Keeping in view the suggestions made by the affected states, their fiscal constraints and the rigidity of the existing funds, the Committee are also inclined to recommend the operationalization of the Separate Disaster Mitigation Fund for undertaking permanent mitigation measures in disaster-prone states in addition to the existing financial assistance for immediate relief through SDRF/NDRF. The existing provision for this fund should therefore be notified and this should also be made State specific keeping in view the specific vulnerability of a State to a disaster. This will mark a paradigm shift from a relief-centric approach to risk reduction through prevention and mitigation. The Committee believe that any investment on mitigation and prevention of disaster risk will go a long way in building the capacity for significantly reducing expenditure on relief and disaster response. Towards this end, the Committee desire that comprehensive insurance coverage should be provided to all the properties (including public properties) located in the disaster prone area/zone and all insurance claims including crop insurance should be settled in a fast-track mode.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “The XV-Finance Commission (XV-FC) has inter alia recommended Rs. 28,983 crore to the States under State Disaster Risk Management Fund (SDRMF) and Rs.12,390 crore for National Disaster Risk Management Fund (NDRMF) for the FY 2020-21, which has been accepted by the Government of India. Out of the amount of Rs. 28,983 crore of SDRMF Rs.5797 crore has been allocated for SDMF and out of Rs.12,390 crore of NDRMF Rs.2478 Crore has been allocated for NDMF. However, XV-FC has also recommended that these mitigation funds shall be used for those

local level and community-based interventions which reduce the risks and promote environment-friendly settlements and livelihood practices, and large-scale mitigation interventions such as construction of coastal walls, flood embankments, support for drought resilience etc. should be pursued through regular development schemes and not from the mitigation fund. Further, as most of the public properties/infrastructure affected during disasters are owned and maintained by the State governments, so they may also take suitable action to insure such properties/ infrastructure. As regards crops insurance, Pradhan Mantri Fasal Bima Yojana is already in operation and it is being settled expeditiously.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

#### **Recommendation (Serial No. 11)**

Accordingly, the ceiling limit of 10% of SDRF for expenditure towards 'state specific disasters' like drought should be done away with and all expenditure towards notified 'state specific disasters' should be straightaway charged to SDRF. For this purpose, the corpus of SDRF may be increased by an additional 10% to accommodate this expenditure.

#### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “XV-FC has only submitted its interim Report for the FY-2020-21 and yet to submit its final Report.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

#### **Recommendation (Serial No. 12)**

On the whole, considering the wide gap between the funds sought by the affected States and those released by the central government, the Committee are constrained to recommend annual increase of 15% (instead of the present 5%) in the

total corpus of SDRF for the period 2020-25, particularly in view of the increasing incidence/frequency of natural disasters in the country. Further, provision should be made for immediate/automatic release of advance amount on adhoc basis from NDRF in cases of natural disasters of "rare severity" so as to enable the affected states to take up immediate relief work, pending the visit of the central team and completion of other procedures. Safeguards may however be provided to ensure that the funds made available are well utilised.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), "XV-FC in assessing the State-wise allocations, a departure was made from the expenditure-based approach to a methodology which reflects the risk and vulnerability profile of each State. The State-wise allocation made under the SDRMF is at Annexure-I. Out of the said allocation first installment amounting to Rs.11,092.00 crore of SDRMF has been released in advance to all the States on 3rd April, 2020. Further, in the aftermath of super cyclone 'Amphan', Government of India released immediately, in advance, an amount of Rs.1000 crore to the State of West Bengal and Rs.500 crore to the State of Odisha from NDRF for relief measures. Further, the funds allocated under SDRMF i.e. Rs.28983.00 crore to the States for the year 2020-21 has been increased by 115% in comparison to the funds allocated under SDRF for year 2019-20 which was Rs.13465.00 crore."

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

### **Recommendation (Serial No. 13)**

Taking into account the afore-mentioned recommendations of the Committee for revision in the existing norms and modifications in the preset financial arrangements, the Committee would urge the Ministry of Home Affairs and the Ministry of Finance to submit revised memorandum to the 15th Finance Commission for their due



consideration. If necessary, appropriate modifications may also be brought in the Disaster Management Act, 2005 to give effect to the suggested changes.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “The XV-Finance Commission (XV-FC) after consultation with the stakeholders has inter alia recommended Rs. 28,983 crore to the States under State Disaster Risk Management Fund (SDRMF) and Rs.12,390 crore for National Disaster Risk Management Fund (NDRMF) for the FY 2020-21, which has been accepted by the Government of India.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

### **Recommendation (Serial No. 15)**

The Committee has attempted to bring together all the concerned agencies including the representatives of the State governments for deliberations in a single forum during the course of examination of this subject. The Committee would now expect that the Ministry of Home Affairs and the NDMA would take this process forward and provide an institutionalized mechanism to bring together all the central agencies involved in the management of national disasters like the Indian Space Research Organisation (ISRO), Indian Meteorological Organisation (IMD), Geological Survey of India (GSI), Central Water Commission (CWC), Department of Financial Services and other designated agencies with a view to coordinating and harmonizing their role and capacities for disaster preparedness, response, relief, and reconstruction. The disaster preparedness, relief and reconstruction experience and models evolved in countries like Philippines should also be studied and their best practices appropriately incorporated in our disaster management approach. Details of follow-up action initiated in this regard may be submitted to the Committee within one month of presentation of this Report.

### **Reply of the Government:**

As informed by Ministry of Home Affairs and Ministry of Finance (Expenditure), “The Disaster Management Act, 2005 stipulates provisions for disaster risk management including institutional mechanism to carry out as per the provisions of the Act. NDMA has already issued guidelines on disaster risk management for various hazards / themes. As per section 10(2) of the Disaster Management Act, 2005 the National Executive Committee acts as the Coordinating and monitoring body for disaster management.”

[Ministry of Finance (Department of Expenditure) O.M. No.23(38)/2015-16(FCD)  
Part Dated 20.10.2020]

## **CHAPTER IV**

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE  
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

**-NIL-**

**CHAPTER V**

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES  
OF THE GOVERNMENT ARE STILL AWAITED**

**-NIL-**

**NEW DELHI  
10 March, 2021  
19 Phalguna, 1942 (Saka)**

**SHRI JAYANT SINHA,  
Chairperson,  
Standing Committee on Finance.**

## ANNEXURE

F.No. 55(5)/PF-II/2011  
Ministry of Finance  
Department of Expenditure  
Plan Finance-II Division

New Delhi, Dated 6<sup>th</sup> September, 2016

### Office Memorandum

#### **Subject: Guidelines for Flexi-Funds within Centrally Sponsored Schemes.**

Reference is invited to this Department OM of even no. dated 6<sup>th</sup> January, 2014 on the subject mentioned above. It was stipulated that the Central Ministries should provide 10% of their budget under each CSS as a flexi-fund, except for schemes which emanate from a legislation or where the whole or a substantial proportion of the budgetary allocation is flexible.

2. Based on the recommendations of the Sub-Group of Chief Ministers and consultations with stake holders, NITI Aayog has issued instructions for Rationalization of CSS vide OM No.O-11013/02/2015-CSS & CMC dated 17<sup>th</sup> August, 2016. As per para 6 of the said OM, flexi-funds available in each CSS has been raised from the current level of 10% to 25% for Sates, and 30% for UTs, of the overall annual allocation under each scheme.

3. These instructions will be applicable for Centrally Sponsored Schemes, except those which emanate from a legislation (e.g. MGNREGA), or schemes where the whole or a substantial proportion of budgetary allocation is flexible (e.g. Rashtriya Krishi Vikas Yojna, Border Area Development Program, Shyama Prasad Mukherjee Rurban Mission etc.). The provisions of this Department's OM No. 55(5)/PF-II/2011 dated 6<sup>th</sup> January 2014 *ibid* are substituted as follows:

#### **Objectives**

4. The flexi-fund component within the Centrally Sponsored Schemes can be used to achieve the following objectives.

- (i) To provide flexibility to States to meet local needs and requirements within the overall objective of any given Scheme at the sub-head level
- (ii) To pilot innovation to improve efficiency within the overall objective of any given Schemes aqat the Sub-head level
- (iii) To undertake mitigation/restoration activities in case of natural calamities, or to satisfy local requirements in areas affected by internal security disturbances.

#### **Fund Allocation and Approval**

5. States may, if they so desire, set aside 25% of any Centrally Sponsored Scheme (including the central and state share for any given scheme in a financial year) as flexi fund to be spent on any sub-scheme or component or innovation that is in line with the overall aim and objectives of the approved Scheme.

6. The States, who want to avail of the flexi-fund facility, should constitute a State Level Sanctioning Committee (SLSC) on the lines of RKVY to sanction projects or activities under the flexi fund component. However, participation of the concerned Central Ministry would be mandatory in the SLSC before the flexi-fund facility is invoked under any Centrally Sponsored Scheme.

7. It may be noted that the name, Acronym and the logo are the core feature of any Centrally Sponsored Scheme, which must be retained for the flexi fund component as well. If the States change any of these core features, the central contribution will cease and the flexi fund component will become a purely state scheme.

#### **Use of Flexi-Funds**

8. The flexi-fund would continue to be part of the parent Centrally Sponsored Scheme. It may be operated at the level of the Scheme, Sub-Scheme and its Components, but not at the level of the Umbrella Program, *for example*, flexi-funds can be spent on any sub-scheme or component, including creation of a new innovative component, under the primary education scheme, but cannot be used to move primary education funds to the higher education or to any other sector. However, it would be permissible to use flexi-funds to converge different schemes under an umbrella program to improve efficiency and effectiveness of outcomes, for example, nutrition mission can be used to converge anganwadi services with maternity benefits, and health care networks can be used to provide a continuum of health care services across the primary, secondary and tertiary levels.

9. It may also be noted that the purpose of flexi-funds is to enable the States to satisfy local needs and undertake innovations in areas covered by the Centrally Sponsored Schemes. Flexi-funds should not be used to substitute State's own schemes and project expenditures. It should also not be used for construction/repair of offices/residences for government officials, general publicity, purchase of vehicles/furniture for offices, distribution of consumer durables/non-durables, incentives/rewards for staff and other unproductive expenditures.

#### **Monitoring, Evaluation & Audit**

10. Web-based reporting for the use of flexi-funds maybe designed by adding modules to the existing MIS. Outcomes (medium term) and outputs (short term) should be part of the MIS along with pictures/images and good practices to ensure greater transparency and learning across States.

11. Evaluation of flexi-funds may be done through the existing evaluation mechanism, including those set by the Ministries, NITI Aayog, or by independent third parties. Terms and conditions for evaluation maybe designed in such a manner that outcomes of the Schemes as a whole, as well as the flexi-funds are well identified and measurable.

12. Flexi-funds within each CSS will be subject to the same audit requirements as the parent Centrally Sponsored Schemes, including audit by the Comptroller & Auditor General.

13. *These guidelines issues with the approval of the Finance Minister and come into force with immediate effect.*

Sd/-  
(Arunish Chawla)  
Joint Secretary to the Government of India

1. Secretaries, All Departments/Ministries, Government of India.
2. Chief Secretaries, All States/Union Territories.

## APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SEVENTY-FIRST REPORT OF THE STANDING COMMITTEE ON FINANCE (SIXTEENTH LOK SABHA) ON 'CENTRAL ASSISTANCE FOR DISASTER MANAGEMENT AND RELIEF' OF THE MINISTRY OF HOME AFFAIRS AND MINISTRY OF FINANCE (DEPARTMENT OF EXPENDITURE)

	Total	% of total
(i) Total number of Recommendations	15	100.00
(ii) Recommendations/Observations which have been accepted by the Government (vide Recommendations at Sl.Nos. 5, 7, 9, 10 and 14)	05	33.33
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies(vide Recommendations at Sl.Nos. 1, 2, 3, 4, 6, 8, 11, 12, 13 and 15 )	10	66.67
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	NIL	00.00
(v) Recommendations/Observations in respect of which final reply of the Government are still awaited	NIL	00.00

**Minutes of the Ninth sitting of the Standing Committee on Finance (2020-21)  
The Committee sat on Wednesday, the 10<sup>th</sup> March, 2021 from 1530hrs. to 1745 hrs.  
in Main Committee Room, Parliament House Annexe, New Delhi.**

**PRESENT**

**Shri Jayant Sinha – Chairperson**

**LOK SABHA**

2. Shri S.S. Ahluwalia
3. Shri Subhash Chandra Baheria
4. Dr. Subhash Ramrao Bhamre
5. Smt. Sunita Duggal
6. Smt. Darshana Vikram Jardosh
7. Shri Manoj Kishorbhai Kotak
8. Shri P.V Midhun Reddy
9. Shri Manish Tewari
10. Shri Rajesh Verma

**RAJYA SABHA**

11. Shri A. Navaneethakrishnan
12. Shri Praful Patel
13. Dr. Amar Patnaik
14. Shri Mahesh Poddar
15. Shri Bikash Ranjan
16. Shri G.V.L Narasimha Rao

**SECRETARIAT**

- |    |                              |   |                     |
|----|------------------------------|---|---------------------|
| 1. | Shri Vinod Kumar Tripathi    | - | Joint Secretary     |
| 2. | Shri Ramkumar Suryanarayanan | - | Director            |
| 3. | Shri Kulmohan Singh Arora    | - | Additional Director |
| 4. | Shri Kh. Ginlal Chung        | - | Under Secretary     |



**PART I**

2.    XX            XX            XX            XX            XX            XX  
      XX            XX            XX            XX            XX            XX.

(The witnesses then withdrew)

**PART II**

3.    The Committee, thereafter, took up the following draft Reports for consideration and adoption :

- (i)    Twenty-Fifth Report on Demands for Grants (2021-22) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services and Investment & Public Asset Management).
- (ii)   Twenty-Sixth Report on Demands for Grants (2021-22) of the Ministry of Finance (Department of Revenue).
- (iii)   Twenty-Seventh Report on Demands for Grants (2021-22) of the Ministry of Corporate Affairs.
- (iv)   Twenty-Eighth Report on Demands for Grants (2021-22) of the Ministry of Planning.
- (v)    Twenty-Ninth Report on Demands for Grants (2021-22) of the Ministry of Statistics and Programme Implementation.
- (vi)   Thirtieth Report on Action taken by the Government on the recommendations contained in Seventy-First Report (16<sup>th</sup> Lok Sabha) on the subject 'Central Assistance for Disaster Management and Relief'.
- (vii)  Thirty-First Report on Action taken by the Government on the recommendations contained in Seventy-Second Report (16<sup>th</sup> Lok Sabha) on the subject 'Strengthening of the Credit Rating Framework in the Country'.

After some deliberations, the Committee adopted the above draft Reports and authorised the Chairperson to finalise them and present the Report to Parliament.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.