



## **Regional SDMAs Conclave**

### **Presentation on Mitigation Fund Guidelines**



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# Establishment of National Disaster Mitigation Fund (NDMF) and State Disaster Mitigation Fund (SDMF) ..<1>

- **Provisions of the Disaster Management (DM) Act, 2005:**
  - Section 47(1): The Central Government **may**, by notification in the Official Gazette, constitute a Fund to be called the National Disaster Mitigation Fund for projects exclusively for the purpose of Mitigation and there shall be credited thereto such amount which the Central Government may, after due appropriation made by Parliament in this behalf, provide.
  - Section 48(1)(c): The State Government **shall**, establish for the purpose of this Act the fund to be called State Disaster Mitigation Fund.



## **Establishment of National Disaster Mitigation Fund(NDMF) and State Disaster Mitigation Fund(SDMF) ..<2>**

- Despite statutory provisions, no Mitigation fund, NDMF/ SDMF was created.
- 15 Finance Commission (XV FC) in its Interim Report for 2020-21 and in final report recommended for establishment of NDMF and SDMF and made fund allocations.
- In pursuance of recommendation of XV FC and provision of DM Act, NDMF was constituted by MHA on 5.2.2021 through a notification.
- States were advised on 18.02.2021 to constitute SDMF.
  - Confirmation received from 17 States of setting up SDMF.



## Recommendations of XV FC ...<1>

- NDMF and SDMF to be set up at National and State Level, in line with the provisions of DM Act.
- Mitigation funds should typically provide small grants for community based local initiatives to mitigate hazards through soft measures, rather through hard measures.
- Large scale mitigation interventions to be pursued through regular development schemes.
- Mitigation Funds to be supervised by the NDMA at the national level and by SDMA at State level.



# Recommendations of XV FC ...<2>

## Fund Allocations

- State Disaster Risk Management Fund ([SDRMF](#))
  - Rs. 1,60,153 crore – SDRF (80%): Rs. 1,28,122 crore; **SDMF(20%) Rs. 32,031.**
  - SDRF and SDMF are not inter-changeable.
- National Disaster Risk Management Fund ([NDRMF](#))
  - Rs. 68,463 crore – NDRF (80%): Rs. 54,770 crore; **NDMF(20%): Rs. 13,693 crore.**
  - NDRF and NDMF are not inter-changeable.



## Recommendations of XV FC ...<3>

- From **NDMF**, earmarked allocations made for a period of 5 years:
  - i. Rs. 1200 crore - Catalytic assistance to twelve most drought-prone States.
  - ii. Rs. 750 crore - managing seismic and landslide risks in ten hill States.
  - iii. Rs. 2500 crore - reducing the risk of urban flooding in seven most populous cities.
  - iv. Rs. 1500 crore - mitigation measures to prevent river and coastal erosion.
    - States to contribute 10% of the amount sought, on the earmarked allocation.
- Additional financial assistance from NDMF to be on a graded cost-sharing basis:
  - States to contribute 10% for assistance upto Rs 250 crore;
  - 20% for assistance upto Rs 500 crore; and
  - 25% assistance exceeding Rs.500 crore.



## Recommendations of XV FC ...<4>

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- Mitigation includes structural and non-structural measures and MHA in consultation with NDMA may issue a detailed list of activities as part of guidelines.
- State Government should allocate resources to districts for mitigation on annual basis.
- Disaster management authorities to develop long term mitigation strategies.
- NDMA should develop **disaster database** for both preparedness and mitigation plans.
- NDMA to develop an **outcome framework** against annual allocations, expenditure, key achievements and results for both NDRMF and SDRMF.



## **Salient features of the Guidelines..<1>**

- SDMF and NDMF Guidelines issued on 14.01.2022 and 28.02.2022 respectively.
- Contribution to SDMF will be in the ratio of 90:10 for NE & Hill States; 75:25 for other States.
- Central contribution to SDMF to be released in 2 instalments.
  - 1<sup>st</sup> in June, subject to certificate on crediting State share and NDMF releases in SDMF.
  - 2<sup>nd</sup> in December, subject to furnishing annual report on expenditure of SDMF.
- Closing balance as on 31<sup>st</sup> March of each financial year in the SDMF shall become the opening balance for the next financial year till 2025-26.





## Salient features of the Guidelines..<2>

- State Government to transfer their contributions in SDMF, within 15 days of receipt of Central Share of SDMF and NDMF.
  - In case of delay, the State Government is required to contribute the amount with interest at bank rate of RBI.
- SDMF to be invested in 3 instruments:
  - Central Government dated securities;
  - Auctioned Treasury Bills; and
  - Interest earning deposits and certificates of deposits with Scheduled Commercial Banks.
- Accounts of SDMF to be maintained by Accountant General of the State.
- Comptroller & Auditor General (CAG) to conduct audit/ performa audit of SDMF.



## Salient features of the Guidelines ...<3>

- From **NDMF**, allocations of Rs 5,950 crore earmarked for a period of 5 years, as mentioned in slide # 6.
- States to undertake following non-structural measures for flood mitigation:
  - i. Adopting Integrated Flood Management approach by considering river basin as a hydrological unit.
  - ii. Real Time Hydro-meteorological Data Acquisition Network coupled with Decision Support System for integrated or standalone operation of reservoir(s).
  - iii. Delineation and demarcation of flood plain zones on certain notified stretch(es) of river(s) within the State and regulation of various activities permissible therein.
- Additional financial assistance from NDMF to be on a graded cost-sharing basis, as recommended by the XV FC.



## Salient features of the Guidelines..<4>

- NDMF/ SDMF will be applied by NDMA/ SDMA for appraisal, monitoring and supervision of mitigation projects.
- Projects to be funded from NDMF for earmarked allocation should be complete within the award period, and no spill over shall be allowed (XV FC para 8.97).
- MHA is the nodal Ministry for overall operation and monitoring of NDMF/ SDMF.
- MHA, with the concurrence of DoE can alter/ modify guidelines as considered necessary.



# Salient features of the Guidelines..<5>

## Scope of NDMF:

- Projects in States, where SDMF is insufficient and projects are important from disaster mitigation point of view.
- Protection works, implemented through local level/ community-based intervention, for projects of national and strategic significance, eco-systems, and natural resource base for the notified disasters.
- Projects, which will be implemented regionally or involving two or more states.
- Projects, which have the jurisdictional and technical complexity that can be addressed through national-level technical assistance or require national agencies to collaborate.
- Research and studies related to disaster mitigation through the Small Grants window.



# Salient features of the Guidelines..<6>

## Scope of SDMF:

- Projects for mitigation measures against notified disasters under SDRF.
- Projects which are of state level significance, protecting assets, eco-systems, and settlements within the state.
- Projects, which promotes practices to reduce risks and its impacts.
- Projects, which build community resilience through information and knowledge.
- Projects, which focus on creating safe conditions of living for people from weaker sections.
- Regional projects funded from NDMF.
- Research and studies related to disaster mitigation.



## Salient features of the Guidelines..<7>

### Limitations:

- At least 10% of the NDMF/ SDMF each year should be earmarked for non-structural measures .
- In a year, not more than 50% of NDMF and SDMF may be utilized for measures/ projects to mitigate risks from a single hazard.
  - On State's, this can be relaxed by MHA.
- Up to 5% of the NDMF and SDMF may be earmarked for small grants window for research/ studies.
- Minimum value of Rs. 10 crore for a mitigation project to be financed from NDMF for structural measures.
- Funds not to become a source of funding for existing Government programmes or for maintenance/ upkeep of any structure.
- Mitigation Funds shall not be used for general environment improvement etc.
- Funds not to be used for paying salaries of staff except for project technical staff.



## Salient features of the Guidelines..<8>

- **Mechanism for processing of funding proposals from NDMF/ SDMF:**
  - NDMA/ SDMA to **constitute a Committee headed by a Member of NDMA/ SDMA** with Members from line Departments and other stakeholders.
  - Central agencies/ States to send proposal to MHA/ State DM Department.
  - Proposal after appraisal by NDMA/ SDMA Committee to be considered by SC-NEC/ SEC.
  - Proposal to be approved by HLC for NDMF and SEC for SDMF.
  - On approval, funds to be released to States as per practice for NDRF/ SDRF.
- Release of central contribution of SDMF in advance in case of exigency, on the lines of SDRF.



## Salient features of the Guidelines..<9>

- Disaster management authorities will develop long term mitigation strategies.
- Procurement of Goods and Services in accordance with the latest GFR and from GeM portal, to ensure transparency in procurement.
- State Government should allocate resources to districts for mitigation on annual basis.
- NDMA should develop disaster database for both preparedness and mitigation plans.
- Mitigation projects must have verifiable and measurable outcomes.
- NDMA will develop an outcome framework against annual allocations, expenditure, key achievements and results for both NDRMF and SDRMF.





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# Thank You



# XV FC allocation for 12 drought prone States

(Rs. In crore)

States	Annual Allocation
Andhra Pradesh	100
Bihar	100
Gujarat	100
Jharkhand	100
Karnataka	100
Madhya Pradesh	100
Maharashtra	100
Odisha	100
Rajasthan	100
Tamil Nadu	100
Telangana	100
Uttar Pradesh	100
<b>Total</b>	<b>1200</b>





# XV FC allocation for seismic and landslide risk

Allocation for 10 hill states

(Rs. In crore)

States	Annual Allocation	Total Allocation (2021-26)
Himachal Pradesh	50	250
Uttarakhand	50	250
All North-Eastern States	100	250
<b>Total</b>		<b>750</b>





# XV FC allocation for reducing the risk of urban flooding in seven most populous cities

Allocation for seven most populous cities.

(Rs. In crore)

Cities	Annual Allocation	Total Allocation (2021-26)
Mumbai	100	500
Chennai	100	500
Kolkata	100	500
Bengaluru	50	250
Hyderabad	50	250
Ahmedabad	50	250
Pune	50	250
<b>Total</b>	<b>500</b>	<b>2500</b>





# 15<sup>th</sup> Finance Commission recommendations

## ■ Allocations

### ■ State Disaster Risk Management Fund (SDRMF)

- Rs. 1,60,153 crore – SDRF (80%): Rs. 1,28,122 crore; SDMF(20%) Rs. 32,031.
- SDRF and SDMF are not inter-changeable.

### ■ State Disaster Response Fund (SDRF) to be divided in 3 sub windows

- i. Response and Relief (40%) - Rs. 64,061 crore
  - ii. Recovery and Reconstruction (30%) - Rs. 48,046 crore
  - iii. Preparedness & Capacity Building (10%) - Rs. 16,015 crore
- Flexibility for re-allocation within 3 sub-windows of SDRF.

## Note:

- Presently, no funding for recovery and reconstruction activities.
- For capacity building, presently no earmarking of funds, but State may use upto 10% of SDRF.





# 15<sup>th</sup> Finance Commission recommendations

- **Allocations**
- National Disaster Risk Management Fund (NDRMF)
  - Rs. 68,463 crore – NDRF (80%): Rs. 54,770 crore; NDMF(20%): Rs. 13,693 crore.
  - NDRF and NDMF are not inter-changeable.
- National Disaster Response Fund (NDRF) to be divided in 3 sub windows
  - i. Response and Relief (40%) - Rs. 27,385 crore
  - ii. Recovery and Reconstruction (30%) - Rs. 20,539 crore
  - iii. Preparedness & Capacity Building (10%) - Rs. 6,846 crore
  - Flexibility for re-allocation within 3 sub-windows of NDRF upto 10% allocation of sub-window.

## Note:

- Presently, no separate funding from NDRF for recovery & reconstruction and preparedness & capacity Building activities.

