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No. 32-3/2010-NDM-1
Government of India
Ministry of Home Affairs
(Disaster Management Division)

'A' Wing, Lok Nayak Bhavan,
Khan Market, New Delhi
Dated the 28th September, 2010.

Office Memorandum

Subject: "Guidelines on Constitution and Administration of the State Disaster Response Fund and National Disaster Response Fund".

Section 46(I) and section 48(I) (a) of the Disaster Management Act, 2005 stipulates constitution of a National Disaster Response Fund at the National level and constitution of State Disaster Response Fund at the State level respectively. In pursuance to the provisions of the Disaster Management Act, the Government of India has notified the constitution of the National Disaster Response Fund vide the Gazette of India, Extraordinary Part-II-Section 3- Sub-section(ii) Notification No. 1995 dated September 28th 2010. (Copy enclosed).

The Thirteenth Finance Commission (TFC) has made provision of funds for the State Disaster Response Fund in its recommendations which has been accepted by Government of India. Keeping in view of the provision of the Disaster Management Act, 2005 and the recommendations of Thirteenth Finance Commission, Government of India has framed guidelines for administration of National Disaster Response Fund (NDRF) at the National level and for State Disaster Response Fund at the State level, which are enclosed herewith for necessary action.

As provided under the Act, all the State Governments are advised to constitute and notify the constitution of the State Disaster Response Fund and send a copy thereof to this Ministry for reference and record.



(Dev Kumar)

Director (DM-I)

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Encl: As above.

Distribution:-

1. Ministry of Finance, Department of Expenditure, North Block, New Delhi.
2. Ministry of Agriculture, Department of Agriculture & Cooperation, Krishi Bhavan, New Delhi.
3. National Disaster Management Authority, New Delhi.
4. Chief Secretaries of (All States).
5. The Relief Commissioners/ Secretaries, Department of Disaster Management of (All States).
6. Accountants General of all State Governments.
7. Controller General of Accounts (CGA), New Delhi.
8. Comptroller & Auditor General (CAG), New Delhi.

Ministry of Home Affairs
(Disaster Management Division)

Guidelines on Constitution and Administration of the State Disaster Response Fund (SDRF)

Introduction

1. The State Disaster Response Fund (SDRF) is a fund constituted under section 48 (1) (a) of the Disaster Management Act, 2005 (53 of 2005) (hereinafter DM Act, 2005). These guidelines are being issued under section 62 of the DM Act, 2005.

Period of Operation

2. These guidelines will be operative from financial year 2010-11 and will continue till further orders.

Calamities covered under the SDRF

3. The SDRF shall be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack.

Constitution of State Disaster Response Fund

4. The State Disaster Response Fund will be constituted with the nomenclature "State Disaster Response Fund" in the Public Account under the Reserve Fund bearing Interest in the Major Head: 8121 – General and other Reserve Fund in the accounts of the State governments concerned and would be invested as per provisions of paras 18-25 of these guidelines. The balance as on 31.03.2010 in the Calamity Relief Fund (CRF) shall be transferred to the SDRF; and CRF will cease to exist. The State Government shall pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest will be credited on a half yearly basis. State Governments are required to issue appropriate notifications establishing SDRF as per section 48 (1) (a) of the DM Act, 2005 in this regard.

Contributions to the Fund

5. The amount of annual contribution to the State Disaster Response Fund of each State for each of the financial years 2010-11 to 2014-15, would be as recommended by the 13th Finance Commission. The year-wise shares of the Government of India and the State Governments are as per Annex 11.2 of FC-XIII Report, Vol.2 reproduced in Attachment-I. Of the total contribution indicated, Government of India will contribute 75% for general category States and 90% for special category States of the total yearly allocation in the form of a non-plan grant. The balance 25% in case of general category States and 10% in case of special category States will be contributed by the State Government concerned.
6. The share of the Government of India to the SDRF shall be paid as Grant-in-aid and accounted for in the Government of India accounts under the major head "3601-Grants-in-aid to State Governments-01 Non-plan grants- 109 Grants towards contribution to State Disaster Response Fund". Accordingly, nomenclature of "109 – grants towards contribution to Calamity Relief Fund" will change to "109 – Grants towards contribution to State Disaster Response Fund". The State Governments shall take these as receipts in their budget and account under the Major Head "1601- Grants-in-aid from Central Government-01 Non- plan Grant-109 Grants towards contribution to State Disaster Response Fund". Accordingly, nomenclature of "109 – Grants towards contribution to Calamity Relief Fund" will change to "109 – Grants towards contribution to State Disaster Response Fund".
7. In order to enable transfer of the total amount of contribution to the SDRF (including the States' share of contribution), the State Governments would make suitable Budget provision on the expenditure side of their budget under the head "2245-Relief on Account of Natural Calamities-05 State Disaster Response Fund -101 Transfers to Reserve Fund and Deposit Accounts-State Disaster Response Fund". Accordingly in Major Head 2245 in sub Major Head: 05, Minor Head – 101 & 901 the nomenclature "Calamity Relief Fund" will be replaced by "State Disaster Response Fund". Immediately upon receipt of Government of India's share as per para 6 above, the States would

transfer the amount, along with their share, if not already transferred, to the Public Account Head indicated in para 4 above.

Booking of Expenditure on Immediate Relief

8. The actual expenditure on relief works will be booked only under respective minor heads within Major Head: 2245 (01 for drought; 02 for floods, cyclones etc.; 05 for "State Disaster Response Fund" and 80 for General). The expenditure to be charged to the SDRF will be shown as a negative entry under 2245-05-901- deduct amount met from SDRF for relief expenditure.

9. Direct expenditure should not be made from the Public Account. Even if for some administrative reasons, expenditure on immediate relief has been met under heads of account other than MH: 2245, these should be finally booked under MH: 2245 through inter-account transfers.

Release of Central Contribution to the Fund

10. The share of the Central Government in SDRF shall be remitted to the State Governments in two instalments in June and December in each financial year. Likewise, the State Governments shall also transfer their contribution to the SDRF in two instalments in June and December of the same year, provided that if Ministry of Home Affairs, upon being satisfied that exigencies of a particular calamity so warrant, may recommend an earlier release of the Central share upto 25% of the funds due to the State in the following year. This release will be adjusted against the instalments of the subsequent year.

11. The share of the Government of India to the SDRF due in a year shall be released to the State Governments subject to fulfilment of the following conditions: -

(i) The first instalment of central contribution to SDRF for 2010-11 will be released unconditionally. The second instalment of central contribution to SDRF for 2010-11 and subsequent instalments will be released on receipt on confirmation of accounting procedure as mentioned in paras 6 to 9 above and other conditions as mentioned

below in paras 11(ii) to (vii). Any deviations from these accounting practices could result in withholding of further releases until the required accounting procedure is adopted or restored.

(ii) A 'State Disaster Response Fund' has been duly constituted by the State Government as specified in DM Act, 2005, following the accounting procedure and manner described in paras 4 to 9 above. The creation of the SDRF duly certified by the Accountant General (A&E) of the State shall be furnished by the State Government to the Ministry of Finance well before the release, say by October, 2010.

(iii) State has constituted the State Executive Committee (SEC) as mentioned in para 12 below.

(iv) The State Government shall furnish a certificate to the Ministry of Home Affairs and to Ministry of Finance in the months of April and October every year indicating that the amount received earlier has been credited to the SDRF along with the State's share of contribution, accompanied by a statement giving the up-to-date expenditure and the balance amount available in the SDRF. This statement is to be provided in the format at Attachment-II. Once Finance Accounts are available, expenditure reported for a particular year should match with expenditure figure in Major Head: 2245 and balance in SDRF in MH: 8121. In case of any discrepancy, the figures in MH: 2245 and in MH: 8121 in Finance Accounts will be considered.

(v) The central contribution due in December every year shall be released after the receipt, in the Ministry of Home Affairs and in the Ministry of Finance of an 'Annual Reports on Natural Calamities', prepared by the State Government on any natural calamities, mentioned in para 3 above, faced in the previous year, by September of every year. This Annual Report shall, inter-alia, furnish details of expenditure incurred by the State Government on each of calamities, for each type of expenditure allowed as per the items and norms of expenditure of SDRF/National Disaster Response Fund (NDRF) so fixed by MHA with the concurrence of Ministry of Finance. Format will be prescribed in due course.

(vi) Whenever SDRF of a State is replenished with additional grant-in-aid from NDRF, the State Government would treat this grant in the same manner as the funds in SDRF as far as transfer and accounting are concerned. However, in such cases, a specific utilization certificate will be required within three months of the financial year in which such a grant is released. Format will be prescribed in due course.

(vii) The release of instalments shall be made by Ministry of Finance subject to the above conditions being satisfied unless advised by Ministry of Home Affairs to withhold or adjust the release to any State.

State Executive Committee

12. States will constitute State Executive Committee (SEC) as per section 20 of the Disaster Management, Act, 2005. The Chief Secretary to the State Government shall be the ex-officio Chairperson of the SEC. A copy of the order in this regard shall be furnished to Ministry of Finance and Ministry of Home Affairs by October 2010.

Functions of the State Executive Committee regarding affairs of SDRF

13. State Government shall entrust SEC, inter-alia, with following responsibilities:-

- (i) SEC will decide on all matters connected with the financing of the relief expenditure of immediate nature from SDRF.
- (ii) SEC will arrange to obtain the contributions from the concerned Governments, administer the SDRF and invest the accretions to the SDRF in accordance with the norms approved by the Government of India from time to time. The norms of investment are indicated in paras 18-25 below.
- (iii) The SEC shall ensure that the money drawn from the SDRF is actually utilised for the purposes for which the SDRF has been set up, expenditures are only on items of expenditure and as per norms as in para 15 below; and accounting procedures in para 6 to 9 above are followed.

(iv) The accretions to the SDRF together with the income earned on the investments of the SDRF will be used by the SEC to meet items of expenditure covered under the approved norms as in para 15 below.

Expenditure of SEC

14. All administrative of the SEC and miscellaneous expenses shall be borne by the State Government under its normal budgetary provisions and not from the SDRF or NDRF.

Assessment of assistance under Items and Norms of Expenditure

15. The norms for the amounts to be incurred on each approved item of expenditure will be fixed by the Ministry of Home Affairs with the concurrence of Ministry of Finance, as amended from time to time. In case any State Government exceeds the amount prescribed, the excess expenditure should be borne on the budget of the State Government and not be charged to SDRF or NDRF.

16. The SEC will assess the requirements of assistance from the SDRF for financing relief expenditure. The provision for expenditure on relief will be made in the budget of the State Government as mentioned in para 7 above. The extent of relief expenditure to be financed from the SDRF as authorised by the SEC shall be withdrawn from the SDRF after liquidation of the investment holdings in the manner described in para 26-27 below.

17. The provision for disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF or NDRF. Such expenditure is needed to be built into the State Plan funds.

Pattern of Investment from the Fund

18. On receipt of the amounts of contributions from the Government of India and/or the State Government, the SEC would take action for investment of the funds as per the norms prescribed in para 20 of the Guidelines. The investment of the funds shall be carried out by the branch of the Reserve Bank of India (having Banking Department) at the headquarters of the State, or a Bank designated by RBI. In cases of

Jammu & Kashmir and Sikkim, these functions may be carried out by that State's bankers.

19. The accretions to the SDRF together with the income earned on the investment of the SDRF shall, till contrary instructions are issued by Government of India, be invested in one or more of the following instruments:

- (a) Central Government dated Securities;
- (b) Auctioned Treasury Bills; and
- (c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks.

Account of Investment Transactions

20. The SEC will, from time to time, issue instructions to the concerned local bankers indicated in para 18 above to invest specified amount(s) from the SDRF in the securities specified in clauses (a) to (c) under para 19. Banks will immediately arrange to make the necessary investment locally or through their branches/ correspondent banks/RBI at Mumbai or other metropolitan centres. The banks would scroll to the Government the debit on account of the investment and other incidental charges like brokerage, commission etc. in the usual course. However, in order to ensure that the investment transactions of the SDRF do not get mixed up with other transactions these may be indicated distinctly in separate scrolls.

21. On receipt of the scrolls the investment transactions would be accounted for under the head "8121- General and Other Reserve Fund – 'State Disaster Response Fund'. The incidental charges like brokerage, commission etc. shall be accounted for as a charge on the SDRF.

22. The bank will arrange to collect interest on these securities/bonds and credit the same to the account of the Government on the due date. These receipts shall form a part of the receipts of the SDRF and would be accounted for as such. Further, these would require to be invested by the SEC as in the case of the contributions by the

Government i.e. in accordance with the investment norms prescribed in para 20 above. On maturity of the securities, the proceeds will be collected and credited to the account of the Government or reinvested on the basis of instructions received from the SEC. As in the case of the debit scrolls the banks shall use separate scrolls for the receipts.

23. On receipt of instructions from the SEC, the concerned bank will arrange to sell the securities at the ruling price through its branches/correspondent banks/RBI at Mumbai or any other metropolitan Centre and credit the amount realised, less incidental charges, to the account of the Government.

24. The receipts on account of maturity or sale of the securities would be credited to the "State Disaster Response Fund". The incidental charges on sale may be charged to the SDRF.

25. The auctioned Treasury Bills may be purchased by the bank either at the Treasury Bill auctions on the basis of a non-competitive bid or in the market.

Encashment of Securities

26. To meet liability on account of the claims sanctioned for relief, the SEC will first dispose of its holdings of auctioned Treasury Bills to the extent required, the oldest lot of bills being sold first and so on. If the amount obtained by the sale of auctioned Treasury Bills is not sufficient to meet the liability towards relief sanctioned, the SEC may encash the deposits with the local branches of the scheduled commercial banks. The Central Government dated securities may be sold only if the amount realised by the sale of treasury bills and encashment of the deposits is not adequate.

27. The concerned State Government will pay to the RBI/ banks a commission at the rate determined by RBI in consultation with the concerned State Government. These charges shall also be borne by the SDRF as in the case of the charges indicated in para 27. The loss or gain on the sale of securities shall also be taken to the account of the SDRF.

Monitoring by the Ministry of Home Affairs

28. The Ministry of Home Affairs is the nodal Ministry for overseeing the operation of SDRF, and shall monitor compliance with the prescribed processes. MHA may issue directions/instructions under of DM Act.

Unspent Balance in the SDRF

29. Government of India will communicate the modalities for handling any balances available at the end of 2014-15 in States' SDRF.

Accounts and Audit

30. The accounts of the SDRF (approved calamity-wise) and the investment shall be maintained by the Accountant General in charge of accounts of the State in the normal course. Disclosure about the position of the opening balance, receipts, expenditure and closing balance in respect of SDRF will be made in the Finance Accounts, as a separate appendix/line. The SEC will, however, maintain subsidiary accounts (calamity-wise) in such manner and details as may be considered necessary by the State Government in consultation with the Accountant General.

31. Comptroller and Auditor General of India would cause audit of SDRF conducted every year in conformity with approved items & norms in terms of the purposes of the SDRF Guidelines. The State Government shall furnish a copy of the audit report of the Comptroller and Auditor General of India in respect of SDRF to the Ministry of Finance and Ministry of Home Affairs.

Saving

32. The Ministry of Home Affairs with the concurrence of Ministry of Finance, shall alter/modify instructions as may be considered necessary from time to time. Further, in case of any difficulty in the operation of any provision of this instructions, the Central Government, if satisfied, may modify the provisions or by amending the DM Act.

State Disaster Relief Fund 2010-15

(Rs. In crore)

State	State Disaster Relief Fund							Central Share							State Share						
	2010-11	2011-12	2012-13	2013-14	2014-15	Total	2010-11	2011-12	2012-13	2013-14	2014-15	Total	2010-11	2011-12	2012-13	2013-14	2014-15	Total			
1 Andhra Pradesh	508.84	534.28	560.99	589.04	618.49	2811.64	381.63	400.71	420.74	441.78	463.87	2108.73	127.21	133.57	140.25	147.26	154.62	702.91			
2 Arunachal Pradesh	36.74	38.58	40.51	42.54	44.67	203.04	33.07	34.72	36.46	38.29	40.20	182.74	3.67	3.86	4.05	4.25	4.47	20.30			
3 Assam	263.77	276.96	290.81	305.35	320.62	1457.51	237.39	249.26	261.73	274.82	288.56	1311.76	26.38	27.70	29.08	30.53	32.06	145.75			
4 Bihar	334.49	351.21	368.77	387.21	406.57	1848.25	250.87	263.41	276.58	290.41	304.93	1386.20	83.62	87.80	92.19	96.80	101.64	462.05			
5 Chhattisgarh	151.32	158.89	166.83	175.17	183.93	836.14	113.49	119.17	125.12	131.38	137.95	627.11	37.83	39.72	41.71	43.79	45.98	209.03			
6 Goa	2.96	3.11	3.27	3.43	3.60	16.37	2.22	2.33	2.45	2.57	2.70	12.27	0.74	0.78	0.82	0.86	0.90	4.10			
7 Gujarat	502.12	527.23	553.59	581.27	610.33	2774.54	376.59	395.42	415.19	435.05	457.75	2080.90	125.53	131.81	138.40	145.32	152.58	693.64			
8 Haryana	192.90	202.55	212.68	223.31	234.48	1065.92	144.68	151.91	159.51	167.48	175.86	799.44	48.22	50.64	53.17	55.83	58.62	266.48			
9 Himachal Pradesh	130.76	137.30	144.17	151.38	158.95	722.56	117.68	123.57	129.75	136.24	143.06	650.30	13.08	13.73	14.42	15.14	15.89	72.26			
10 Jammu & Kashmir	172.46	181.08	190.13	199.64	209.62	952.93	155.21	162.97	171.12	179.68	188.66	857.64	17.25	18.11	19.01	19.96	20.96	95.29			
11 Jharkhand	259.45	272.42	286.04	300.34	315.36	1433.61	194.59	204.32	214.53	225.26	236.52	1075.22	64.86	68.10	71.51	75.08	78.84	358.39			
12 Karnataka	160.96	169.01	177.46	186.33	195.65	889.41	120.72	126.76	133.10	139.75	146.74	667.07	40.24	42.25	44.36	46.58	48.91	222.34			
13 Kerala	131.08	137.63	144.51	151.74	159.33	724.29	98.31	103.22	108.38	113.81	119.50	543.22	32.77	34.41	36.13	37.93	39.83	181.07			
14 Madhya Pradesh	392.75	412.39	433.01	454.66	477.39	2170.20	294.56	309.29	324.76	341.00	358.04	1627.65	98.19	103.10	108.25	113.66	119.35	542.55			
15 Maharashtra	442.69	464.82	488.06	512.46	538.08	2446.11	332.02	348.62	366.05	384.35	403.56	1834.60	110.67	116.20	122.01	128.11	134.52	611.51			
16 Manipur	7.22	7.58	7.96	8.36	8.78	39.90	6.50	6.82	7.16	7.52	7.90	35.90	0.72	0.76	0.80	0.84	0.88	4.00			
17 Meghalaya	14.65	15.38	16.15	16.96	17.81	80.95	13.19	13.84	14.54	15.26	16.03	72.86	1.46	1.54	1.61	1.70	1.78	8.09			
18 Mizoram	8.55	8.98	9.43	9.90	10.40	47.26	7.70	8.08	8.49	8.91	9.36	42.54	0.85	0.90	0.94	0.99	1.04	4.72			
19 Nagaland	4.97	5.22	5.48	5.75	6.04	27.46	4.47	4.70	4.93	5.18	5.44	24.72	0.50	0.52	0.55	0.57	0.60	2.74			
20 Orissa	391.58	411.16	431.72	453.31	475.98	2163.75	293.69	308.37	323.79	339.98	356.99	1622.82	97.89	102.79	107.93	113.33	118.99	540.93			
21 Punjab	222.92	234.07	245.77	258.06	270.96	1231.78	167.19	175.55	184.33	193.55	203.22	923.84	55.73	58.52	61.44	64.51	67.74	307.94			
22 Rajasthan	600.66	630.69	662.22	695.33	730.10	3319.00	450.50	473.02	496.67	521.50	547.58	2489.27	150.16	157.67	165.55	173.83	182.52	829.73			
23 Sikkim	22.75	23.89	25.08	26.33	27.65	125.70	20.48	21.50	22.57	23.70	24.89	113.14	2.27	2.39	2.51	2.63	2.76	12.56			
24 Tamilnadu	293.52	308.20	323.61	339.79	356.78	1621.90	220.14	231.15	242.71	254.84	267.59	1216.43	73.38	77.05	80.90	84.95	89.19	405.47			
25 Tripura	19.31	20.28	21.29	22.35	23.47	106.70	17.38	18.25	19.16	20.12	21.12	96.03	1.93	2.03	2.13	2.23	2.35	10.67			
26 Uttar Pradesh	385.39	404.66	424.89	446.13	468.44	2129.51	289.04	303.50	318.67	334.60	351.33	1597.14	96.35	101.16	106.22	111.53	117.11	532.37			
27 Uttrakhand	117.66	123.54	129.72	136.21	143.02	650.15	105.89	111.19	116.75	122.59	128.72	585.14	11.77	12.35	12.97	13.62	14.30	65.01			
28 West Bengal	304.83	320.07	336.07	352.87	370.51	1684.35	228.62	240.05	252.05	264.65	277.88	1263.25	76.21	80.02	84.02	88.22	92.63	421.10			
Total	6077.30	6381.18	6700.22	7035.22	7387.01	33580.93	4677.82	4911.70	5157.29	5415.17	5685.95	25847.93	1399.48	1469.48	1547.93	1620.05	1701.06	7733.00			

Ref: Annexure 11.1 & 11.2, Report of FC XIII, Vol.11

PROFORMA

(Rs. in lakhs)

(A) Statement of earlier released amounts to the Calamity Relief Fund (CRF)/ State Disaster Response Fund (SDRF).

1. Opening balance as on 01.04.20.....:
2. Centre share including advance release credited to CRF/SDRF:
3. Corresponding share of state :
4. Corresponding share of State credited to CRF/SDRF:
5. Amount received under NDRF/NCCF:
6. Expenditure as on 30th September:
7. Expenditure as on 31st March 20.....:
8. Amount transferred to investment account:
9. Amount received from investment account:
10. Closing balance (1+2+4+5+9) – (7+8): 31st March / 30th September

B) 1. Opening balance: 1st April / 1st October

1.1 Total investment made out of SDRF as on 31st March 201----.

2. Receipt during the current financial year

- (i) Centre's share : -----
- (ii) State's share : -----
- (iii) Assistance under NCCF/NDRF : -----
- (iv) Interest earned (including investment made out of SDRF/CRF) : -----
- (v) Others : -----
- (vi) Arrears of Centre's/State's share if any : -----

to be credited to CRF/SDRF

- (vii) Total (i) to (vi) : -----
- (viii) of which amounts credited to SDRF : -----

3. Total amount available in the SDRF {(1+2 (viii))} : -----

4. Total Expenditure incurred inconformity with items & norms of SDRF during the year out of the Fund:

i)As on 31st March, 201.....:-----

ii)As on 30th September, 201.....:-----

5. Balance available in the Fund (3 - 4) :----- 31st March/30th September

(C) Submission of 'Annual Report on Natural Calamities'.

(i)Whether "Annual Report on Natural Calamities" for the previous year _____ has been sent to Ministry of Home Affairs (Yes/No):-

(ii) If yes, date on which sent: -----
