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## **UNIT 14 FUNDING RELIEF**

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### **14.0 Learning Outcomes**

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After going through this unit you should be able to:

- provide the compressive view of funding relief;
- understand the short-term and long-term funding;
- discuss the sources of funding; and
- explain significance of vulnerability reduction.

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### **14.1 Introduction**

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In the event of disaster striking, there are two types of needs of the victims. One is related to the immediate relief and the other is in the form of reconstruction and rehabilitation of the victims. Funding for the immediate relief is short term, while reconstruction and rehabilitation require long term funding. There are sources for both. For example, National Calamity Contingency Fund provides assistance for immediate relief only and Calamity Relief Funds of various states are a source for

long term funding. Similarly, voluntary donations are usually short term, while international organizations like UN agencies provide support over a period of time, sometimes extending up to 15 years. Apparently, there are governmental sources as well as non-governmental sources for both types of funding. In this unit we will be discussing the various sources of funding.

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## **14.2 Genesis of Funding Relief**

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A disaster causes sudden disruption to the normal life of a society and requires relief from all the available sources to tide over the situation during the crisis phase. The relief enables the affected people to recover from the immediate impact. India has old tradition in this regard. We all know that kings used to waive 'Lagaan' of farmers whenever there was crop failure either due to droughts or floods. The treasury were opened during other calamities. Food and other relief were provided to the affected people. Other measures included remission of revenue, remission of other taxes, payment of advances, construction of public works, canals and embankments, encouragement to migration, etc.

After the coming of the concept of nation-state, the chief responsibility of providing relief is that of the state. In fact, as early as in 1897, the Government of India fully accepted general responsibility for saving the lives of the people during calamities. India being quasi-federal, the responsibility is shared by the Central Government and State Governments, though the primary responsibility for providing relief measures to affected people is that of the concerned state government. Central government supports such measures through supplementing physical and financial resources. However, in view of resource constraints of state governments, central

government funding is crucial especially to the not-so-developed states. Earlier, the Department of Agriculture and Cooperation was the nodal Department in Government of India for natural disaster management. Now, this responsibility, except for drought and epidemics, has been transferred to Ministry of Home Affairs since February, 2002.

Success of participatory approaches has further provided some sources of relief. Now, governments try to involve communities as well in the process. In fact, they are integral part of the Disaster Management Plans. Civil society organizations are also not behind and provide support to the relief measures being undertaken. Help also comes in the form of private initiatives. Gujarat, in the wake of earthquake in January 2001, received a measure of aid from private sources that can be called the biggest voluntary aid effort in independent India. Towns such as Bhuj, Bhachau, Anjar and Rapar became large camps where Indian and foreign NGOs and aid agencies pitched their tents.

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### **14.3 Short Term and Long Term Funding**

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In the event of disaster striking, there are two types of needs of the victims. One is related to the immediate relief and the other is in the form of reconstruction and rehabilitation of the victims. Funding for the immediate relief is short term, while reconstruction and rehabilitation require long term funding. There are sources for both. For example, National Calamity Contingency Fund provides assistance for immediate relief only and Calamity Relief Funds of various states are a source for long term funding. Similarly, voluntary donations are usually short term, while international organizations like UN agencies provide support over a period of time, sometimes extending up to 15 years. Apparently, there are governmental sources as

well as non-governmental sources for both types of funding. Various sources of funding are discussed below.

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## **14.4 Sources of Funding**

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Relief measures in the event of natural disaster receive funding from the following sources –

- Central Government
- Concerned State Government
- International Agencies
- Civil Society Organizations
- Corporate Houses
- Individual Contributions

### **14.4.1 Central Government**

By and large the financial resources for meeting relief expenditure are provided on the basis of recommendations of the successive Finance Commissions. Since the Second Finance Commission, allocation to each state was in the form of margin money for meeting the immediate needs of expenditure on relief measures. The quantum of margin money was calculated by averaging the non-plan expenditure (excluding advance plan assistance and expenditure of a plan nature) on relief measures. Whenever a state government needed more than this money, it was required to present a memorandum for central assistance. An inter-ministerial central team used to assess this requirement, the recommendations of which were subsequently taken into consideration by a High Level Committee on Relief (HLCR) having representatives of all the concerned ministries and ceilings of expenditure on various items were fixed, which decided the extent of central assistance.

Sixth Finance Commission noted the increase in calamities relief expenditure and recommended that all additional central assistance over and above

the margin money should be within the overall assistance for the plan as a whole. This recommendation was accepted. The Seventh Finance Commission suggested a modification that extra central assistance should be limited, over and above the margin money, to 5% of the Annual Plan outlay in that year, with the added provision that it was to be adjusted in subsequent years. The Eighth Finance Commission continued this arrangement but recommended changes in respect of quantum of margin money and the manner of its funding. It suggested to take half of the margin money into 'account in the forecasts' of states' budgets as determined by the Finance Commissions and the remaining half to be provided by the Centre after the states exhausted the funds available with them. Further, the provision was made for additional central assistance in case of 'rare severity' after the visit of the central team and consideration of its report by HLCR.

The Ninth Finance Commission considered the need of speedy response and inflated demands put by various state governments feeling that these would be cut down by the center. Moreover, to avoid profligacy and wastefulness, and arrange adequacy of funds it recommended:

- Creation of a separate Relief Fund for each state;
- Formation of a state level committee under the chief secretary of the concerned state to operate this fund;
- Co-ordination and monitoring by the Union Ministry of Agriculture (the then nodal ministry);
- Handling of calamities of rare severity by the center involving additional central assistance over and above the Calamity Relief Fund (CRF); and
- Centre's contribution to CRF to the tune of 75%, while remaining amount to be contributed by the respective state governments.

Along with the continuation of CRF scheme, the Tenth Finance Commission recommended the creation of a National Fund for Calamity Relief (NFCR). Ministry of Agriculture was given the powers to issue guidelines and norms for expenditure from this fund. The Centre's contribution was proposed to be 75%. The contributions by both the Centre and the States were to be made annually in the beginning of the financial year. The Fund was proposed to be managed by a National Calamity Relief Fund Committee (NCRC), which is a sub-committee of the National Development Council. While this fund was meant for calamities of the rare severity, the states incurred expenditures from it for all types of calamities and in the period 1995-2000 exhausted the money in the first two years. This was partly due to lack of having a proper definition of the term 'rare severity'.

While recommending the continuation of the CRF, the Eleventh Finance Commission suggested the discontinuation of the NFCR citing the difficulty in evolving an unambiguous definition of calamity of rare nature and the difficulty in providing adequate financial assistance to the states from the limited funds available. Instead, it suggested creating National Calamity Contingency Fund (NCCF) with an initial contribution of Rs.500 crores by the Central Government and further augmenting it by way of surcharge on central taxes. Dealing with CRF, it recommended expenditure only on natural calamities of cyclone, drought, earthquake, fire, flood and hailstorm and not for providing relief for man-made and other disasters.

A brief account of funds available from Central Government sources is given below-

### **National Calamity Contingency Fund**

Set up on the recommendation of the Eleventh Finance Commission, the manner and extent of assistance required to be provided to the states from NCCF for

immediate relief and rehabilitation is decided by a High Level Committee constituted by the Ministry of Home Affairs. This Committee is serviced by the Disaster Management Division of the Ministry and consists of Deputy Prime Minister, Agriculture Minister, Finance Minister and Deputy Chairman, Planning Commission. The procedure is that the states submit the memorandum for central assistance. The committee takes into account the recommendation of the central teams to assess the requirements and thereafter as per the decision, the releases to the state governments are made by the Ministry of Finance.

Currently, the period of operation of this Fund is from the financial year 2000-01 till the end of the financial year 2004-05. National calamities of cyclone, drought, earthquake, fire, flood and hailstorm, considered to be of severe nature requiring expenditure by the state governments in excess of the balances available in their respective CRFs qualify for relief assistance. The corpus of the Fund is Rs.500 crore. The assistance is only for immediate relief and rehabilitation. Expenditure on reconstruction of assets or restoration of damage is not covered under the scheme, which is to be financed through reallocation of plan funds. Any assistance provided by the Centre from this Fund is to be accompanied by imposition of the special surcharge so that it is immediately recouped.

At the state level, the committee constituted by the state government to administer the CRF is responsible for incurring the expenditure as decided by High Level Committee. The responsibility of monitoring the scheme is now vested in the Ministry of Home Affairs, Government of India.

### **Calamity Relief Fund**

This fund was created as per the recommendation of the Ninth Finance Commission. Constituted by each state, it is to be used for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire,

flood and hailstorm. Of the total contribution, 75% is contributed by Central Government and the remaining amount comes from state governments' own resources. This amount is contributed on annual basis. Share of Central Government is in the form of Grants-in-aid and is remitted to state governments in two installments on 1<sup>st</sup> May and 1<sup>st</sup> November in each financial year.

There are certain conditions attached for the funds release –

- i). Fund has been duly constituted by the state government as prescribed and  
creation is certified by the Accountant General of the State.
- ii) Furnishing certificate to the Ministry of Finance indicating that the amount received earlier has been credited to the Fund along with the state's share and a statement giving the up-to-date expenditure.
- iii) Annual Report on Natural Calamities is submitted to the Ministry of Home Affairs, which communicates the same to the Ministry of Finance.
- iv) The release of both the installments is made by the Ministry of Finance subject to the above mentioned conditions being satisfied unless advised by Ministry of Home Affairs for withholding of release to any state.

The States have been given relaxation to draw 25% of the funds due to the concerned state in the following year from the Centre to be adjusted against the dues of the subsequent year. A state level committee constituted by the state government administers the Fund, by issue of a suitable notification in this behalf. The Chief Secretary of the State is the ex-officio Chairman of the Committee. The committee consists of officials who are normally connected with relief work and experts in various fields in the state affected by natural calamities. The committee is nominated by the State Government. There is also provision of constitution of sub-committees if considered necessary. The committee decides on all matters



connected with the financing of the relief expenditure. It arranges to obtain the contributions from the concerned government, administers the Fund and invests the accretions to the Fund as per the norms approved by the Government of India from time to time. It is also responsible to ensure that the money drawn from the CRF is used for the purposes for which the Fund has been set up and only on items of expenditure and as per norms contained in the guidelines issued by Ministry of Home Affairs. The administrative and miscellaneous expenses of the Committee are borne by the State Government under its normal budgetary provisions and not from the CRF. The Ministry of Home Affairs of the Government of India is the nodal Ministry for overseeing the operation of CRF. State-wise allocation for the Fund and contributions to be made by state governments and the central government in each year from 2000 to 2005 are given below.

## Calamity Relief Fund during 2000-2005

(Rs. in lakhs)

| Sl. No. | STATE             | 2000-01       | 2001-02       | 2002-03       | 2003-04       | 2004-05       | TOTAL 2000-05  |
|---------|-------------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 1       | Andhra Pradesh    | 19806         | 20796         | 21836         | 22928         | 24074         | 109440         |
| 2       | Arunachal Pradesh | 1202          | 1262          | 1325          | 1392          | 1461          | 6643           |
| 3       | Assam             | 10149         | 10657         | 11189         | 11749         | 12336         | 56081          |
| 4       | Bihar             | 12366         | 12984         | 13633         | 14315         | 15030         | 68328          |
| 5       | Goa               | 124           | 130           | 137           | 144           | 151           | 685            |
| 6       | Gujarat           | 16140         | 16947         | 17794         | 18684         | 19618         | 89184          |
| 7       | Haryana           | 8130          | 8537          | 8964          | 9412          | 9883          | 44926          |
| 8       | Himachal Pradesh  | 4349          | 4566          | 4794          | 5034          | 5286          | 24029          |
| 9       | Jammu & Kashmir   | 3490          | 3665          | 3848          | 4040          | 4242          | 19285          |
| 10      | Karnataka         | 7457          | 7830          | 8221          | 8632          | 9064          | 41204          |
| 11      | Kerala            | 6724          | 7061          | 7414          | 7784          | 8173          | 37156          |
| 12      | Madhya Pradesh    | 9010          | 9461          | 9934          | 10430         | 10952         | 49786          |
| 13      | Maharashtra       | 15720         | 16506         | 17332         | 18198         | 19108         | 86864          |
| 14      | Manipur           | 287           | 301           | 316           | 332           | 349           | 1586           |
| 15      | Meghalaya         | 394           | 414           | 434           | 456           | 479           | 2177           |
| 16      | Mizoram           | 297           | 312           | 328           | 344           | 361           | 1642           |
| 17      | Nagaland          | 196           | 206           | 216           | 227           | 238           | 1083           |
| 18      | Orissa            | 10947         | 11494         | 12069         | 12672         | 13306         | 60488          |
| 19      | Punjab            | 12272         | 12885         | 13530         | 14206         | 14917         | 67810          |
| 20      | Rajasthan         | 20700         | 21735         | 22822         | 23963         | 25161         | 114381         |
| 21      | Sikkim            | 691           | 725           | 762           | 800           | 840           | 3817           |
| 22      | Tamil Nadu        | 10264         | 10777         | 11316         | 11882         | 12476         | 56714          |
| 23      | Tripura           | 520           | 546           | 573           | 602           | 632           | 2873           |
| 24      | Uttar Pradesh     | 17864         | 18757         | 19695         | 20680         | 21714         | 98711          |
| 25      | West Bengal       | 10110         | 10616         | 11147         | 11704         | 12289         | 55866          |
|         | <b>Total</b>      | <b>199210</b> | <b>209170</b> | <b>219629</b> | <b>230610</b> | <b>242141</b> | <b>1100759</b> |

(Centre's Share)

| Sl. No | STATE             | 2000-01       | 2001-02       | 2002-03       | 2003-04       | 2004-05       | TOTAL 2000-05 |
|--------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1.     | Andhra Pradesh    | 14854         | 15597         | 16377         | 17196         | 18056         | 82080         |
| 2.     | Arunachal Pradesh | 902           | 947           | 994           | 1044          | 1096          | 4983          |
| 3.     | Assam             | 7612          | 7992          | 8392          | 8812          | 9252          | 42060         |
| 4.     | Bihar             | 9274          | 9738          | 10225         | 10736         | 11273         | 51246         |
| 5.     | Goa               | 93            | 98            | 103           | 108           | 113           | 515           |
| 6.     | Gujarat           | 12105         | 12710         | 13346         | 14013         | 14714         | 66888         |
| 7.     | Haryana           | 6098          | 6403          | 6723          | 7059          | 7412          | 33695         |
| 8.     | Himachal Pradesh  | 3261          | 3424          | 3596          | 3775          | 3964          | 18020         |
| 9.     | Jammu & Kashmir   | 2618          | 2748          | 2886          | 3030          | 3182          | 14464         |
| 10.    | Karnataka         | 5593          | 5872          | 6166          | 6474          | 6798          | 30903         |
| 11.    | Kerala            | 5043          | 5295          | 5560          | 5838          | 6130          | 27866         |
| 12.    | Madhya Pradesh    | 6758          | 7095          | 7450          | 7823          | 8214          | 37340         |
| 13.    | Maharashtra       | 11790         | 12380         | 12999         | 13649         | 14331         | 65149         |
| 14.    | Manipur           | 215           | 226           | 237           | 249           | 262           | 1189          |
| 15.    | Meghalaya         | 295           | 310           | 326           | 342           | 359           | 1632          |
| 16.    | Mizoram           | 223           | 234           | 246           | 258           | 271           | 1232          |
| 17.    | Nagaland          | 147           | 154           | 162           | 170           | 179           | 812           |
| 18.    | Orissa            | 8210          | 8621          | 9052          | 9504          | 9979          | 45366         |
| 19.    | Punjab            | 9204          | 9664          | 10147         | 10655         | 11187         | 50857         |
| 20.    | Rajasthan         | 15525         | 16301         | 17116         | 17972         | 18871         | 85785         |
| 21.    | Sikkim            | 518           | 544           | 571           | 600           | 630           | 2863          |
| 22.    | Tamil Nadu        | 7698          | 8083          | 8487          | 8911          | 9357          | 42536         |
| 23.    | Tripura           | 390           | 410           | 430           | 451           | 474           | 2155          |
| 24.    | Uttar Pradesh     | 13398         | 14068         | 14771         | 15510         | 16286         | 74033         |
| 25.    | West Bengal       | 7583          | 7962          | 8360          | 8778          | 9217          | 41900         |
|        | <b>Total</b>      | <b>149407</b> | <b>156876</b> | <b>164722</b> | <b>172957</b> | <b>181607</b> | <b>825569</b> |

**(States' Share)**

| <b>Sl. No.</b> | <b>STATE</b>      | <b>2000-01</b> | <b>2001-02</b> | <b>2002-03</b> | <b>2003-04</b> | <b>2004-05</b> | <b>TOTAL 2000-05</b> |
|----------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| 1.             | Andhra Pradesh    | 4951           | 5199           | 5459           | 5732           | 6019           | 27360                |
| 2.             | Arunachal Pradesh | 301            | 316            | 331            | 348            | 365            | 1661                 |
| 3.             | Assam             | 2537           | 2664           | 2797           | 2937           | 3084           | 14020                |
| 4.             | Bihar             | 3091           | 3246           | 3408           | 3579           | 3758           | 17082                |
| 5.             | Goa               | 31             | 33             | 34             | 36             | 38             | 171                  |
| 6.             | Gujarat           | 4035           | 4237           | 4449           | 4671           | 4905           | 22296                |
| 7.             | Haryana           | 2033           | 2134           | 2241           | 2353           | 2471           | 11231                |
| 8.             | Himachal Pradesh  | 1087           | 1141           | 1199           | 1258           | 1321           | 6007                 |
| 9.             | Jammu & Kashmir   | 873            | 916            | 962            | 1010           | 1061           | 4821                 |
| 10.            | Karnataka         | 1864           | 1957           | 2055           | 2158           | 2266           | 10301                |
| 11.            | Kerala            | 1681           | 1765           | 1853           | 1946           | 2043           | 9289                 |
| 12.            | Madhya Pradesh    | 2253           | 2365           | 2483           | 2608           | 2738           | 12447                |
| 13.            | Maharashtra       | 3930           | 4127           | 4333           | 4550           | 4777           | 21716                |
| 14.            | Manipur           | 72             | 75             | 79             | 83             | 87             | 396                  |
| 15.            | Meghalaya         | 98             | 103            | 109            | 114            | 120            | 544                  |
| 16.            | Mizoram           | 74             | 78             | 82             | 86             | 90             | 411                  |
| 17.            | Nagaland          | 49             | 51             | 54             | 57             | 60             | 271                  |
| 18.            | Orissa            | 2737           | 2874           | 3017           | 3168           | 3326           | 15122                |
| 19.            | Punjab            | 3068           | 3221           | 3382           | 3552           | 3729           | 16952                |
| 20.            | Rajasthan         | 5175           | 5434           | 5705           | 5991           | 6290           | 28595                |
| 21.            | Sikkim            | 173            | 181            | 190            | 200            | 210            | 954                  |
| 22.            | Tamil Nadu        | 2566           | 2694           | 2829           | 2970           | 3119           | 14179                |
| 23.            | Tripura           | 130            | 137            | 143            | 150            | 158            | 718                  |
| 24.            | Uttar Pradesh     | 4466           | 4689           | 4924           | 5170           | 5429           | 24678                |
| 25.            | West Bengal       | 2528           | 2654           | 2787           | 2926           | 3072           | 13967                |
|                | <b>Total</b>      | <b>49802</b>   | <b>52293</b>   | <b>54907</b>   | <b>57653</b>   | <b>60535</b>   | <b>275190</b>        |

**Prime Minister's National Relief Fund**

This is another source of funds available for relief to persons affected by disasters. Created shortly after independence, it provides immediate relief to people in distress. The Fund depends entirely on voluntary donations received from the public. Besides providing relief to the families of those killed, it grants assistance to families affected.

An incentive to contributors to this fund is that the contributions made to this fund are fully exempt from Income Tax under Section 80 G of the Income Tax Act, 1961 subject to the prescribed limits. Donations to the Fund are also excluded from

the computation of taxable gifts under Section 5 (1) (v) of the Gift Tax Act, 1958.

The Fund does not accept contributions in kind.

Efficacy of the Fund can be gauged from the fact that after the devastating earthquake that hit Gujarat on 26<sup>th</sup> January 2001, it received nearly Rs.4220 million and from which following relief and rescue measures were started immediately.

- An amount of Rs.600 million was remitted to the state government for disbursement at the rate of Rs.50000/- each to the next of kin of the deceased as immediate financial assistance.
- Rs.50 million was released to the Ministry of Defence for ‘Operation Sahayta’ conducted by the Armed Forces Personnel in the earthquake hit areas.
- Rs.18 million was spent for distribution of medicines, blankets and other essential items to the earthquake victims.
- Two water purification plants were installed at Bhuj to supply drinking water in relief camps at a total cost of Rs.7.4 million.

Besides these, reconstruction and rehabilitation measures were also financed from this fund. Before that, nearly Rs.1000 million were provided for the benefit of victims of Super Cyclone that affected coastal areas of Orissa in October , 1999.

#### **14.4.2 State Government**

The primary responsibility of relief and rescue in the event of a disaster is that of the concerned state government. In view of the resource constraints of the state governments they have been provided with the additional support of funds set up at national level. However, they also make provision for funding relief. As

mentioned above, they contribute to CRF. Besides that, at the state level we find two more resources –

### **Chief Minister's Relief Fund**

Set up on the pattern of Prime Minister Relief Fund, this Fund becomes handy to provide immediate relief to the victims of disasters. For example, Gujarat government provided death relief to the next of kin of elders, minors, government employees and school children falling victim to the earthquake. Contributions to this Fund are and can be made directly by the people.

### **State Government Fund**

The concerned state government sanctions expenditure to meet relief expenditure from its resources, which include its share of various developmental and employment generation programmes. To take example again from Gujarat earthquake, cash doles for people who lost their houses, expenditure on providing household kits etc., were met from this Fund. Though this Fund is not exclusively for the benefit of disaster victims, it is an important and immediate source of finance for providing relief.

### **14.4.3 International Agencies**

Government of India follows the policy of not issuing a formal appeal on its behalf, either directly or through any other agency, to attract relief. However, relief donated on a voluntary basis is accepted and acknowledged as a sign of international solidarity. Some important international agencies are mentioned below.

#### **The UN System**

The United Nations, through the organizations under its aegis, coordinates international cooperation in the field of disaster management and mitigation. A Disaster Management Team (UN-DMT) is convened and chaired by the UN resident coordinator in each disaster prone country. Composition of the Team

depends on the types of disasters to which a country is prone and the organization which are present in that country, working towards disaster relief.

The primary purpose of UN-DMT is to ensure a prompt, effective and concerted response by the UN system at country level in the event of a disaster. It also provides support in post-disaster rehabilitation and reconstruction process in addition to long-term disaster mitigation measures.

### **UNDRO (Office of the United Nations Disaster Relief Coordinator)**

Established in 1971, UNDRO is the local agency in mobilizing and coordinating international emergency relief to areas struck by disasters under the aegis of UN. The UNDRO is authorized to provide financial assistance, subject to a request by the concerned government and approval by the Coordinator.

### **United Nations Development Programme (UNDP)**

Besides providing assistance in the planning and implementation of post-disaster rehabilitation and reconstruction and incorporation of risk reduction techniques in the affected areas. UNDP also provides financial assistance for immediate relief.

### **Food and Agriculture Organization (FAO)**

It provides technical advice in reducing vulnerability and helps in the rehabilitation of agriculture, livestock, fisheries and local food production. It is authorized to utilize a pre-decided sum of money for a project.

Similarly, World Food Programme, World Health Organization, UNESCO, UNICEF, Asian Disaster Reduction Centre contribute in accordance with their organizational objectives. For example UN launched a massive relief and

rehabilitation programme in Orissa in the wake of Cyclone in 1999. Through this coordinated effort to provide relief materials and aid to victims, it committed approximately \$50 million for the next 15 years. The UNICEF office in Orissa was converted into UN house for better coordination of relief works. While UNFPA, ILO and WHO formed a sub-group to focus attention on medium and long-term rehabilitation and reconstruction needs.

#### **14.4.4 Civil Society Organizations**

Government intervention alone can not suffice. Fortunately, we now have a solid foundation world over of vibrant civil society organizations and India is no exception. Some of them have their own money to provide relief, while the others mobilize and coordinate resources. They help state governments and in turn receive support from them. For example, in Orissa, a local consortium of NGOs- the Orissa Disaster Mitigation Mission was formed which essentially identified different role players for intervention and helped maintain a regular contact with the government and in turn NGOs were given logistic support to move in the remote areas. CARE provided assistance to farmers for drainage congestion clearance, saline control by putting dykes along creeks etc. Similarly, the Society for Education Conscientisation Awareness and Training (ECAT) based in Nagaur district of Rajasthan, worked in the disaster relief operations in Orissa, Latur and Bhuj. They ensured that the relief got to those villages and people that were in the greatest need for it.

NGOs can issue appeals for donations provided the appeals are not at the instance of the Government of India. In the case of UN organizations and agencies like OCHA, such appeals imply endorsement by member countries and they are advised against appeals for international assistance.



#### **14.4.5 Corporate Houses**

Earlier basic difference between public sector enterprises and the private sector was that while the latter focused only on commercial profitability alone, one of the objectives of the former was social profitability as well. But now the realization has dawned on decision makers in the private sector that they should contribute to the society which has helped them in reaching the position they are in. Industrial houses, big or small, are now providing relief in great measures. For example, Reliance India took the responsibility of reconstruction in certain areas in Gujarat after the earthquake. Public sector units are also not behind. MTNL donated Rs. 12 crores and VSNL contributed Rs. 10 crores for the reconstruction and rehabilitation in Gujarat.

Corporate houses also mobilize resources for the victims. For example, national dailies institute funds for disaster relief and invite donations/contributions from the public and institutions, sometimes specifying what is required, which helps in avoiding duplicacy of efforts and wastefulness.

#### **14.4.6 Voluntary Contributions**

Voluntary or individual contributions are very significant, especially when there is lack of infrastructure and consequently the government is slow in reaching the victims in time. In Gujarat, it was the voluntary help that reached the victims first. Information age has many advantages. One of them is the speed with which any news reaches from one end to another and that the people can respond immediately in the event of any mishap. For example, a group of friends in the small town of Kesrisingpur in Ganganagar district of Rajasthan decided to do something for victims. They quickly collected Rs. 2 lakhs from their town, bought what they thought would be immediately required (10 quintals of wheat, 300 lanterns, 700 blankets, gaslights, kerosene) and set off on two trucks to reach Kutch.

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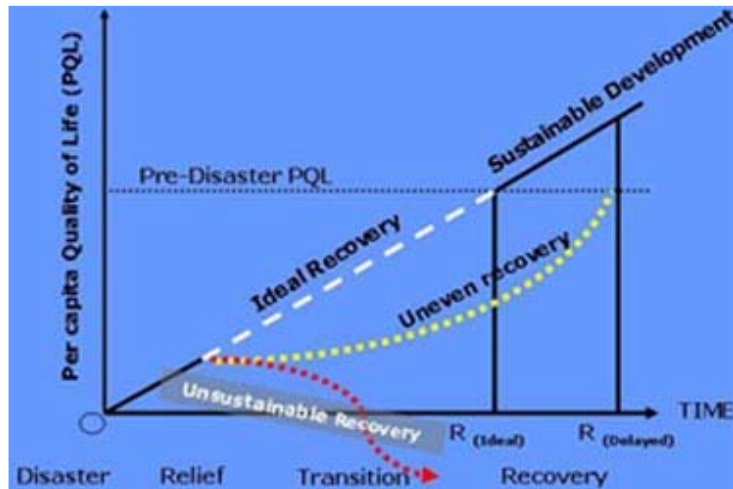
## 14.5 Vulnerability Reduction

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There is a paradigm shift in disaster management sector from seeing disasters as extreme events created by natural forces, to viewing them as manifestations of unresolved development problems. Over the past few decades, there has been an exponential increase in human and material losses from disaster events, though there are no clear evidences that the frequency of extreme hazard events has increased. This indicates that the rise in consequences of disasters is related to a rise in people's vulnerability, induced by human-determined paths of development. An evolution in approaches from relief and response to vulnerability analysis to risk management has started influencing how disaster management programmes are now being planned and financed.

A Transition Recovery Team Approach, a new concept of UNDP, has been piloted in India, to assist in the transition between emergency response and longer-term development in earthquake-affected areas. It aims at incorporating vulnerability reduction and sustainable recovery through community-driven programmes. It is essentially a developmental activity aimed at creating a bridge between relief assistance and long term development programmes. It is promised on the basis that whatever the nature of the disaster in question, the period of transition from relief to recovery is the most critical and if carefully managed interventions during this period can rebuild sustainability and reverse the downward cycle of risk and vulnerability.

**Diagram 1:** UNDP's Transition Recovery



### Assumptions made

- Time period (T) is plotted on the x axis
- Quality of life (QL) is plotted on the y axis
- Uneven/delayed recovery is denoted by line D
- Line Q is the assumed pre-disaster quality of life
- Sustainable recovery is denoted by line S
- Unsustainable recovery is denoted by line U

Source: <http://www.undpquakerehab.org/>

Internationally, we find similar approaches abound. One such example is Japan Social Development Fund Grant. Finances were provided to Nicaragua, one of the poorest countries in Latin America with a GDP per capita of \$ 30 per year, and one of the most prone countries to environmental risks, to assist the poorest and most vulnerable groups. The specific objectives of the proposed Grant were –

- i) to build and strengthen community capacity for environmental risk assessment and management in 25 of 273 settlements identified as highly vulnerable improving the lives of an estimated 50,000 people in the three poorest districts of the Municipality of Managua;
- ii) to formalize and expand the partnership between the local NGOs (community service organizations) and the Municipality of Managua for dealing with social issues and community building in the context of

- identifying and addressing environmental risks and proposing solutions for such risks;
- iii) to develop new techniques for risk assessment, management planning, financial and technical decision-making at the community level in a participatory way; and
  - iv) to develop new technical solutions based on community design, construction and management, to reduce environmental risks – in particular those emanating from landslides and floods.

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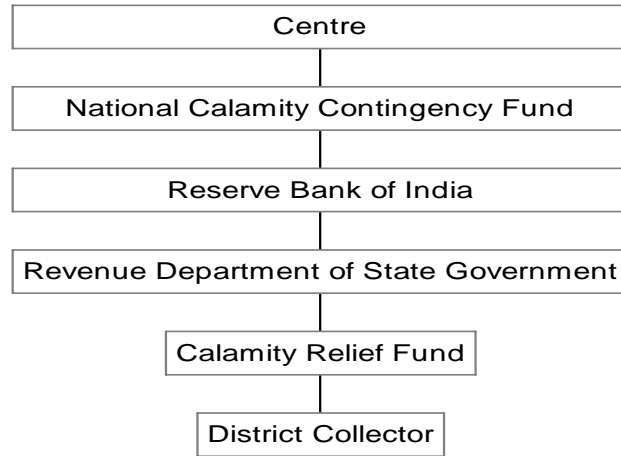
## **14.6 Flow of Funds**

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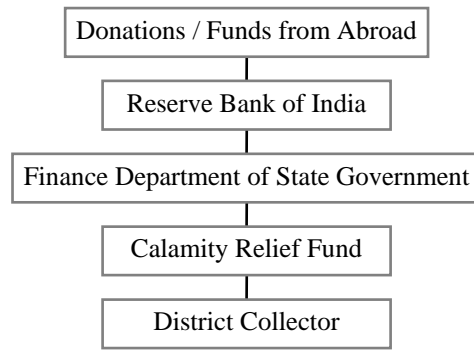
Problems of resource utilization is greater than resource mobilization. J.L. Iboko remarks that “the inability to manage efficiently or utilize effectively the available and potential resources is the common ill of the all less developed countries”. Y.P. Pant, an Asian Administrator points out that “it is only after a country is prepared for the possible process of change that international relations or foreign aid would do much to help its onward march”.

All the above mentioned sources need to be channelised to the point of delivery. While government sources have a formal channel, voluntary support is sometimes informal and spontaneous. Civil Society Organizations plan the projects and implement it sometimes in coordination with governmental agencies and sometimes in coordination with similar other organizations or community members. A schematic presentation of flow of funds, for which the District Collector is the point of delivery, is given below:

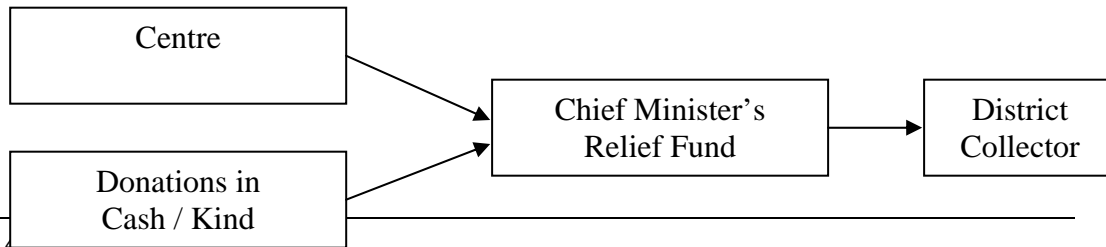
**Diagram 2: Flow of Central Government Funds**



**Diagram 3: Flow of Donations- National and Interantional**



**Diagram 4: Outside Help**



**14.7 CONCLUSION**

Prompt-financial assistance is possible only if the whole mechanism works as envisaged in the planning. It has been observed that while the Central Government remits its share of CRF in time. The states sit over it and take action only when the disaster has struck, causing delays in rendering assistance to the victims.

A proper disaster management plan would require keeping in readiness an inventory of materials needed for providing relief, locate the places/centers where these could be kept readily available. Emergency relief is not a simple donor-recipient relationship. Speed is of great essence in any relief operation. Many countries in the West have internalized such practices. However, India is yet to put things into place.

Financial arrangements are in a way a reflection of the government's perception of the magnitude of the relief to be provided to the affected people. What may be adequate at one time may be grossly inadequate at the other point of time. This changing perception requires a continuous change in financial arrangements. Rising level of expectations puts further pressure on this need.

With various funding sources efforts should be directed at building productive and durable assets to enable the affected people to withstand disaster better in the future. A line 'let the cyclone strike, not the disaster repeat', succinctly sums up the spirit that should guide the relief expenditures.

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## **14.8 Key Concepts**

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**High Level Committee on Relief (HLCR):** It is a committee consisting of representatives of all the concerned ministries at the union level, who will consider the recommendations of the centre teams which have been deputed to assess the quantum of central assistance to be provided to the state for undertaking relief measures.

**National Fund for Calamity Relief (NFCR):** For dealing with the calamities of ‘rare severity’ requiring the central intervention, the Tenth Finance Commission suggested creation of NFCR. According to the commission’s recommendations the size of the fund was to be rupees seven hundred crore, to be built up over the period 1995-2000, with an initial corpus of rupees two thousand crore to which the centre would contribute rupees one hundred and fifty crore and the states rupees fifty crore in the proportion of 75:25.

**National Calamity Relief Fund Committee (NCRC):** The National Fund for Calamity Relief will be managed by NCRC which is a sub-committee of the National Development Council headed by the Union Agriculture Minister and consisting of deputed Chairman, Planning Commission, two Union Ministers and five Chief Ministers nominated by the Prime Minister annually by rotation.

**National Centre for Calamity Management (NCCM):** The Eleventh Finance Commission recommended for discontinuation of NFCR and recommended in its place NCCM under the Ministry of Agriculture to monitor all types of natural calamities, including calamities of rare severity, without any specific reference from the central and the state governments and also recommended that the fund should be known as National Calamity Contingency Fund (NCCF).

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## 14.9 References and Further Reading

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- Mishra, G.K. & G.C. Mathur (eds.) (1993). **Natural Disaster Reduction**. New Delhi: Reliance Publishing House.
- Gupta, M.C., V.K. Sharma, L.C. Gupta & B.K. Tamini (2001). **Manual on Natural Disaster Management in India**. New Delhi: IIPA.
- Government of India. Report of the IX<sup>th</sup> Finance Commission. New Delhi
- Government of India. Report of the X<sup>th</sup> Finance Commission. New Delhi
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## 14.10 Activities

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- 1) Why we need short-term and long-term funding in the event of disaster.
- 2) Discuss the various sources of funding.
- 3) What do you understand by transition recovery team approach?