

Chapter - 3
Post-Disaster Activities
and Management-Financial
Arrangements

Chapter-3: Post-Disaster Activities and Management– Financial Arrangements

3.1 Introduction

Post-disaster activities comprise emergency and non-emergency response to a disaster. The emergency response includes (a) recovery, relief and rescue, and (b) financial, material and medical aids during and in the immediate aftermath of the disaster while non-emergency response includes medium to long term restoration, rehabilitation and reconstruction.

3.1.1 Utilization of State Disaster Response Fund

The Disaster Management Act, 2005, and the guidelines issued thereunder do not specify measurable or quantifiable criteria for deciding severity of a calamity or declaring a calamity as a disaster. GoI considers⁹ nature of a calamity on a case to case basis taking into account, *inter alia*, the intensity and magnitude of the calamity, degree of relief/assistance required, coping capacity of the State Government to tackle the problem and the alternatives and flexibility available to provide succor and relief to the affected people.

According to the SDMP, the Divisional Commissioner on the recommendation of DCs can declare a natural event as a disaster. Audit noticed that neither the DCs of the test-checked districts nor the Divisional Commissioners had declared any event a disaster during 2010-11 to 2014-15.

Assistance totaling ₹26.52 crore was released from the SDRF during 2010-14 for relief and restoration in the following instances without a declaration of disaster in terms of SDMP:

- (a) ₹1.97 crore were distributed from SDRF as gratuitous relief in individual cases such as burning of houses, animal losses due to lightning, damages to houses and shops due to riots, compensation to Next of Kin (NoK) of persons killed in fire incident in a local hotel, etc.
- (b) ₹3.11 crore was provided for works executed prior to the date of floods, for normal repairs and maintenance works which were not reflected in the damage reports prepared by these departments and for items such as Petrol, Oil, Lubricant (POL) and wages of casual labourers not related to any damages.
- (c) ₹21.44 crore sanctioned (2010-12) out of the SDRF was spent on purposes such as restoration of public utilities of 17 districts not affected by any disasters.

Further, ₹31.44 crore was released to sectors¹⁰ that were not eligible for assistance as discussed in para 5.1.7 below.

⁹ Manual on Administration of SDRF

¹⁰ Estates Department: ₹16.25 crore; Hospitality and Protocol Department: ₹2 crore; Tourism Department: ₹2.01 crore; State Motor Garages: ₹1 crore; Accounts and Treasuries: ₹0.08 crore; Advocate General's Office: ₹0.10 crore and Construction of pre-fabricated huts: ₹10 crore

Thus, funds from the SDRF were utilized for purposes that were not in consonance with the objectives and procedure stipulated in the Fund guidelines.

3.1.2 Allotment, Expenditure and Reporting of Post-Disaster Financing

The position of funds received from the GoI and the State Government, interest earned and expenditure incurred under SDRF during the period 2010-11 to 2014-15 is given in table-3.1 below:

Table-3.1: Funds received from GoI and State Government, interest earned and expenditure incurred under SDRF

(₹ in crore)

Year	State Disaster Response Fund						
	Opening balance	Funds received			Total availability	Expenditure	Closing balance
		GoI	State	Interest			
2010-11	438.21	77.61	17.25	Nil	533.07	106.36	426.71
2011-12	426.71	Nil	18.11	67.73	512.55	42.24	470.31
2012-13	470.31	77.61	Nil	4.94	552.86	27.34	525.52
2013-14	525.52	423.93	28.99	37.74	1,016.18	134.05	882.13
2014-15	882.13	278.50	30.94	69.79	1,261.36	1,059.17	202.19
Total		857.65	95.29	180.20		1,369.16	

In addition, ₹833.44 crore was received from PMNRF, ₹88.29 crore from CMRF and ₹12 crore under 'Capacity Building' during 2010-11 to 2014-15.

Audit scrutiny of the utilization of SDRF funds revealed the following:

- The guidelines on constitution and administration of SDRF required that balance in the Calamity Relief Fund (CRF) as on 31st March 2010 should be transferred to the SDRF. Audit noticed that ₹47.88 crore¹¹ under CRF was lying (March 2015) under Reserve Funds¹² not bearing interest resulting in interest loss of ₹55.49 crore¹³ during 2010-15.
- Guidelines envisage investment of SDRF in Central Government securities, Treasury Bills and interest bearing deposits and certificates of deposits with scheduled commercial banks. The State Government had not made investment in any of these instruments. The Finance Department stated (May 2015) that the SDRF was not physically available as it was being utilized on normal activities of the Government.
- Guidelines envisage that the State Government should pay interest to the SDRF for amounts borrowed from it at rates applicable to overdraft. Audit noticed that the Government had not paid any interest for the borrowed amounts resulting in interest loss of ₹221.02 crore to the SDRF during 2010-15 (September 2014).

¹¹ M.H. 8223 Famine Relief Fund: ₹8.67 crore; M.H. 8235 Calamity Relief Fund: ₹28.35 crore and Calamity Relief Fund-Investment Account: ₹10.86 crore

¹² Reflected in the Reports of the CAG of India on Finance Accounts (Government of Jammu and Kashmir) for the years 2009-15

¹³ Calculated at the rate of 16 per cent per annum

- (d) As per the guidelines for expenditure for items, in case the State Government exceeds the prescribed amount on each approved item of expenditure, the excess expenditure should not be debited to the SDRF or NDRF but should be provided for by the State Government. Against ₹57 crore for distribution of free ration to flood affected families for two months under the SDRF, the State Government announced free ration for six months and released ₹172 crore to the Consumer Affairs and Public Distribution (CAPD) Department resulting in an excess expenditure of ₹115 crore from the SDRF.
- (e) ₹37.08 crore¹⁴ released to seven DCs for providing relief to affected families was lying unutilized (August 2015) in the bank accounts of the DCs/tehsildars.
- (f) ₹9.75 crore received by DC Leh (August 2010 to March 2013) and ₹1.02 crore returned to him by the Assistant Commissioner/Tehsildar Leh was not accounted for in the cash book. The DC Leh stated (November 2015) that there was no requirement for maintenance of cash book. The reply was not tenable as non-maintenance of cash book was in contravention of the financial rules and regulations.

Thus, the SDRF suffered an interest loss of ₹55.49 crore due to not transferring the balance from CRF to SDRF and investing as per SDRF guidelines, while an amount of ₹336.02 crore was due to be remitted by the State Government to the SDRF. Further, ₹37.08 crore remained unutilized and ₹1.02 crore was not accounted for in the cash book raising the risk of mis-utilization of funds.

In addition, ₹5 crore released to the State Government from PMNRF for procurement of one lakh blankets for distribution among flood affected families had been kept unutilized in the CMRF Fund.

It was evident that there remained a scope for efficient management of the SDRF and better utilization of funds meant for disaster relief and management to ensure effective relief and rehabilitation.

¹⁴ Earthquake 2005: ₹7.40 crore; Drought Kharif 2009: ₹5.58 crore; Hailstorm 2011: ₹1.18 crore; Windstorm 2012: ₹0.02 crore; Flood 2014: ₹22.90 crore