

30

**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 (16th Lok Sabha) on the subject 'Central Assistance for Disaster Management and Relief']

THIRTIETH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2021 / Phalguna, 1942 (Saka)

THIRTIETH REPORT

STANDING COMMITTEE ON FINANCE
(2020-2021)

(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 (16th 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)

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE.....	(iii)
INTRODUCTION	(v)
CHAPTER I Report	
CHAPTER II* Recommendations/Observations which have been accepted by the Government	
CHAPTER III* Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies	
CHAPTER IV* Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
CHAPTER V* Recommendations/Observations in respect of which final reply of the Government is still awaited	

ANNEXURE

Minutes of the Sitting of the Committee held on 10 March, 2021.

APPENDIX

Analysis of Action Taken by the Government on the Recommendations Contained in the Seventy-First Report (Sixteenth Lok Sabha) of the Standing Committee on Finance on 'Central Assistance for Disaster Management and Relief'

* 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 13th 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 20th 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 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."

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 13th Finance Commission award period (2010-15) to 42% in 14th 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 percent for the year 2020-2021 linked to specific State level reforms, over and above the annual limit of 3 percent 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 (SI. 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.

New Delhi;
10 March, 2020
19 Phalguna, 1942 (Saka)

SHRI JAYANT SINHA,
Chairperson
Standing Committee on Finance

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

New Delhi, dated 6th September, 2016

Office Memorandum

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

Reference is invited to this Department OM of even no. dated 6th 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 17th 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 States, 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 the 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 6th 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 Scheme at 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 may be 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 may be designed in such a manner that outcomes of the Scheme 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 Scheme, including audit by the Comptroller & Auditor General.

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


6/9/2016
(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

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 (16th 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 (16th 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.