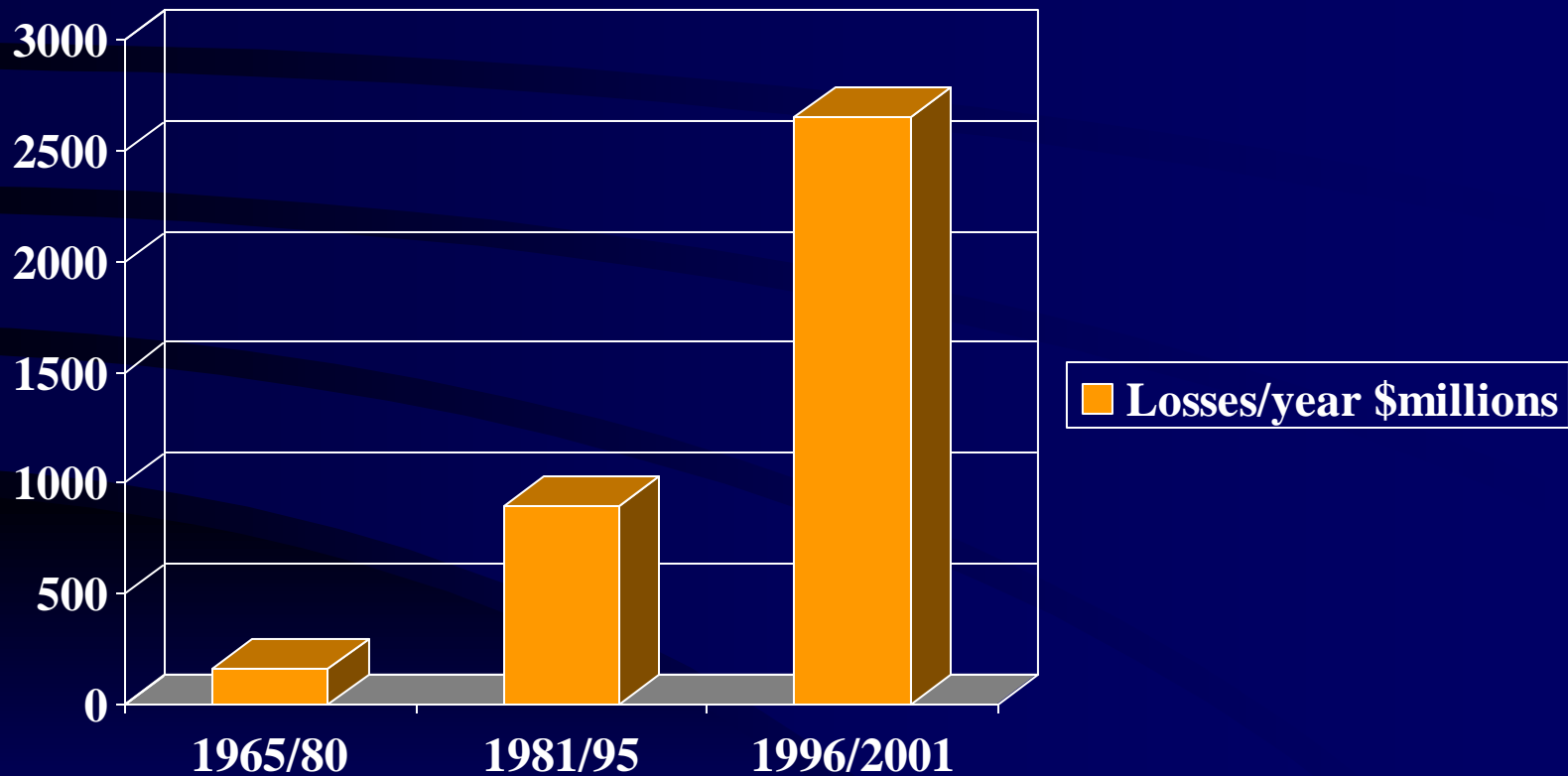
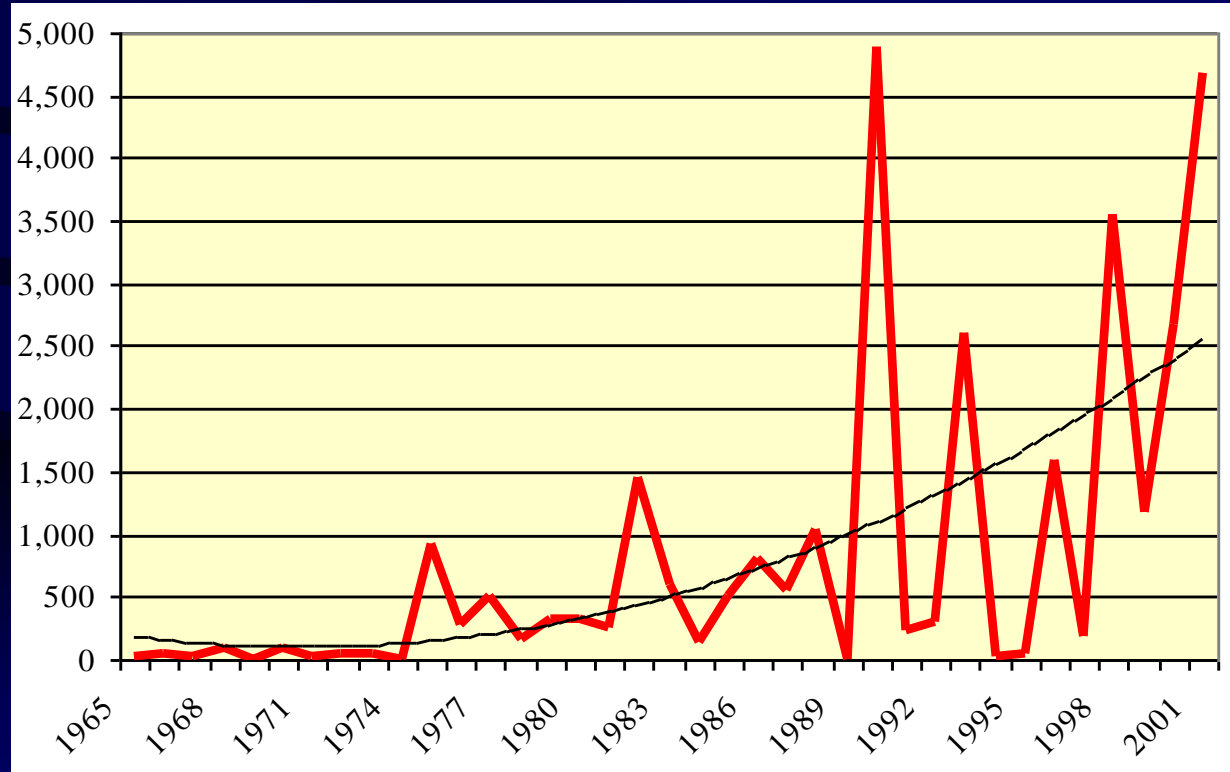


And disaster related monetary losses are increasing even faster

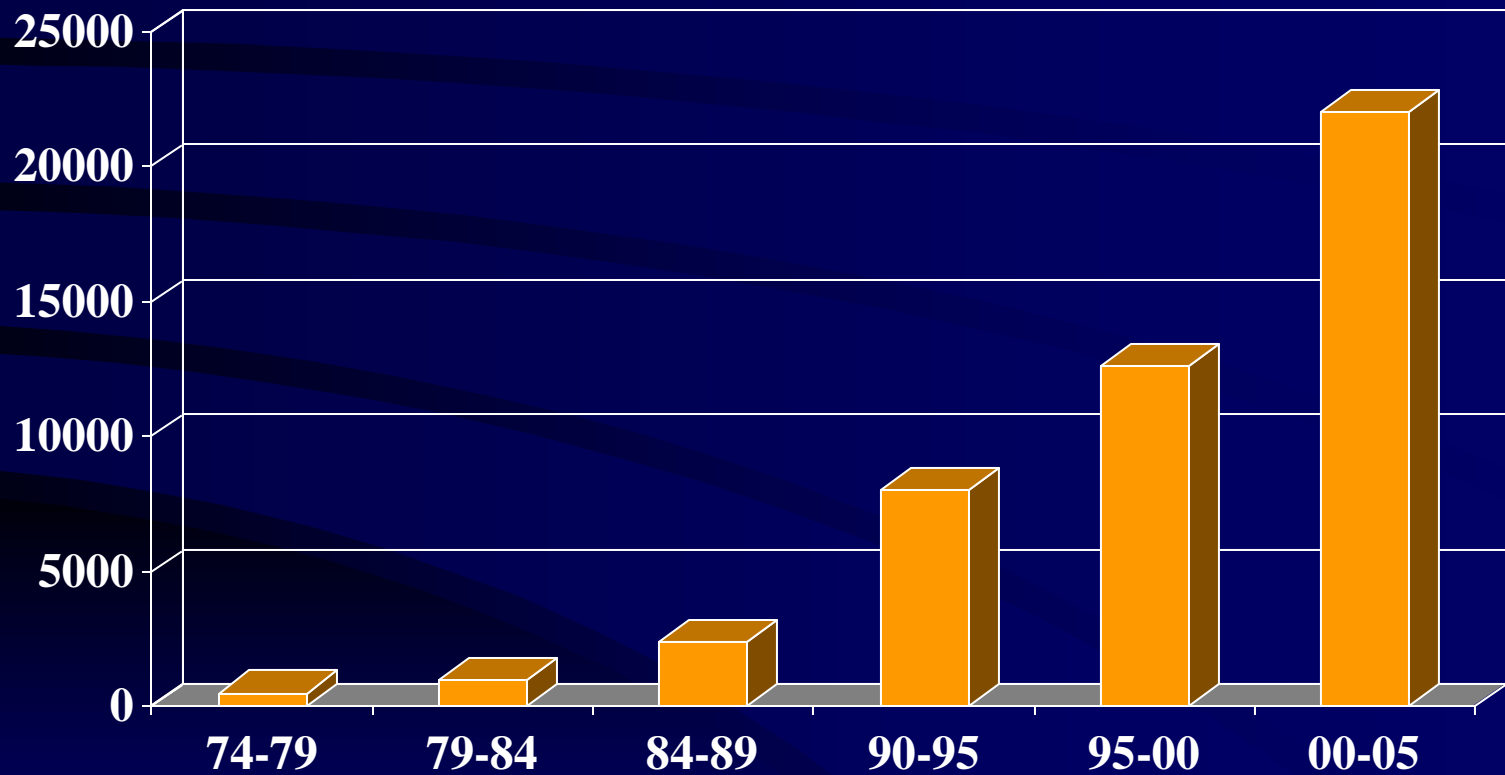


Although the year by year experience varies considerably – thus complicating budgeting

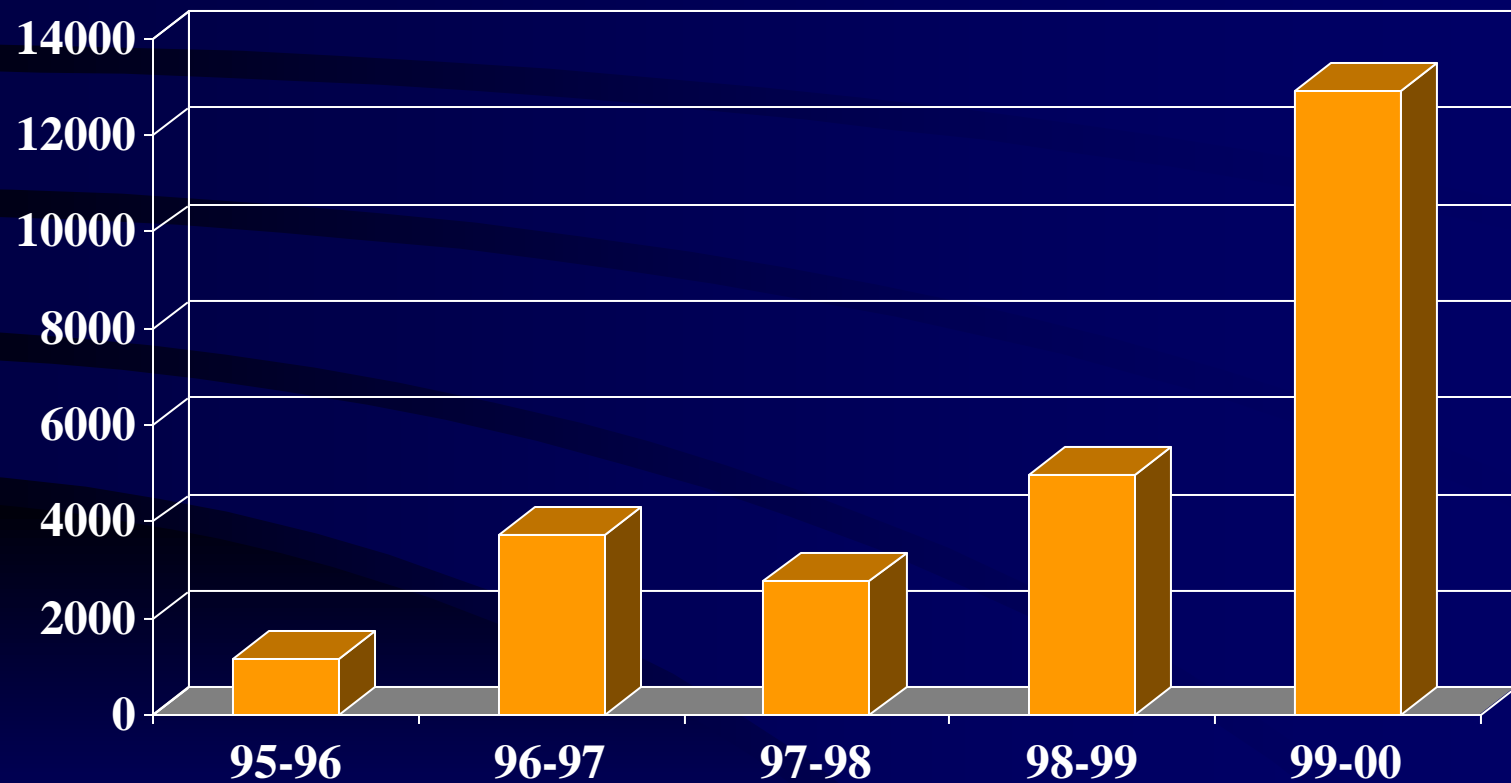
Reported Catastrophe Losses in India, 1965-2001 \$US Millions



Margin Money/ CRF Expenditures Rs millions



NCCF Expenditures Rs millions



EFC on NFCR

- Long drawn procedure
- Central teams recommendations may not be acceptable
- NFCR corpus was not adequate for 5 years
- It was exhausted in the first three years
- Recommended to discontinue the NFCR

National Calamity Contingency Fund (NCCF) by EFC

- **National Centre for Calamity Management under MHA to assess the impact and recommend the case of eligibility to Union Govt for assistance**
- **Financial assistance provided by the Union to the State (s) should be replenished by a levy of special surcharge/cess on Union taxes.**
- **Rs 500 crore as initial core amount by the Union**
- **The unspent balance will be available to the Union Govt for the next plan.**

Views of States on CRF and NCCF

- **Size of the CRF should be raised**
- **Contribution from States be reduced to - 0% to 15%**
- **Special Category States be relieved from any contribution**
- **Landslides, soil erosion, heat & cold waves, lightening, pest attacks, water logging, bamboo flowering and changes in the course of rivers be included in the existing six calamities.**

Views of States on CRF and NCCF

- **Norms be relaxed for capital expenditure**
- **Complete freedom to States including keeping the funds in the public accounts of States**
- **Continuance of NCCF with enhanced corpus.**
- **Disaster of rare severity be defined very clearly**

TFC Recommendations

- **CRF be continued in its present form**
- **Land slides, avalanches, cloud burst and pest attacks to be included in calamity**
- **NCCF to continue in its present form**
- **The outgo from the NCCF be replenished by way of National Calamity Contingent duty on cigarettes, pan masala, biris and other tobacco products**
- **Allocations of foodgrains may continue**

CRF Funds (TFC)

- Expenditure under 2245 for ten years from 1993-94 to 2002-03 considered
- Additional allocation of 25% to poorer states- Bihar, M.P., Orissa, U.P., West Bengal and the special category states
- Newly created states-proportion of area
- Fund increase from Rs.11008 cr to Rs.21333 cr
- Proneness of states to disaster captured in 2245
- Ratio of 75:25 from Centre and States

CRF Funds (TFC)

- **Ministry of Finance to have a re-look at the issue of investment of the funds lying in the CRF and give necessary guidelines to the states provided that such guidelines do not contravene the broad framework of the present scheme**

Disaster Preparedness (TFC)

- **Committee of Scientists, Flood Control Specialist and other experts to study and map the hazards states are subject to**
- **The provision for disaster preparedness and mitigation continue to be built into the state plans and not calamity relief**

Disaster Preparedness (TFC)

- “The concept of an insurance fund is neither viable nor practicable on the ground that the process of making the assessment of loss by an external agency was bound to be complicated and time consuming which would defeat the very purpose, that is, of providing timely succour to the affected people.”
- Crop Insurance Scheme may be strengthened
- Centre and State may encourage insurance of private assets in vulnerable zones
- IRDA decided to create “earthquake pool”
- Insurers divert the earthquake premia to the “pool”

Financing Mechanisms for Disasters

- **Pre-Independence: famine relief manuals, suspending / writing-off land revenue**
- **Post-Independence: advance plan assistance**
- **CRF and NFCR**
- **NCCF**
- **Rescheduling of bank loans**
- **Crop insurance**

Gujarat Earthquake 2001

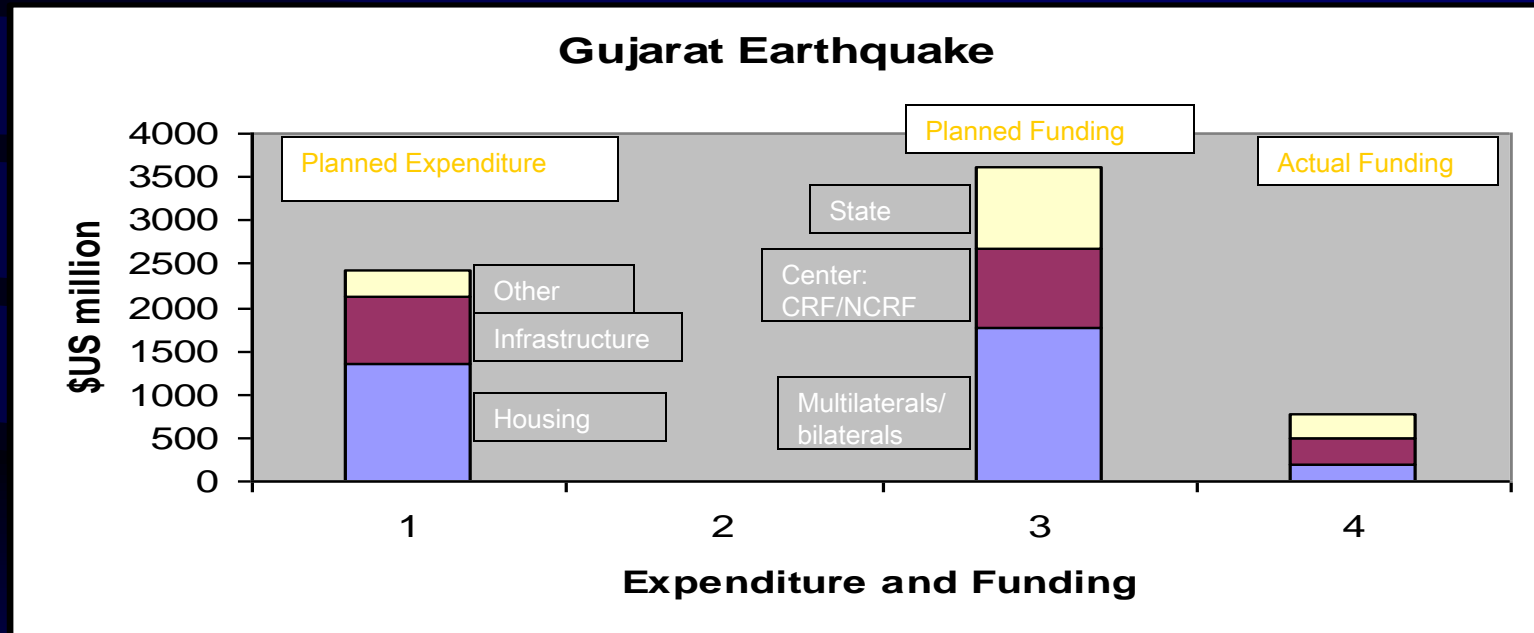
- **Loss of assets: Rs. 153 billion (US\$ 3.16 billion)**
- **Reconstruction cost: Rs. 84 billion**
- **Much more than the amount available in CRF/NCCF**
- **More than a year's Plan outlay**

Assistance from NFCR/NCCF during recent disasters (Gujarat)

S.No	Disaster	Year	Amount in Rs. mn	
			Assistance Claimed from the federal govt.	Assistance received from the NFCR/NCCF
1	Heavy Rains	1997	6640	869
2	Cyclone	1998	6000	554
3	Heavy Rains	1998	2750	-
4	Cyclone	1999	950	-
5	Drought	1999-2000	7220	550
6	Drought	2000- 2001	19742	1120
7	Earthquake	2001	102566	14674
8	Drought	2002- 2003	8953	284
9	Floods	2003	2500	201

Unfortunately funds availability is not the full story

Bhuj (Gujarat) Earthquake Funding/Capability Gap - End 2002



Source: MOF

Thank You!