

FINANCING FOR DISASTER RISK REDUCTION (DM 514)

TERM PAPER

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1. INTRODUCTION

India is a country which encounters almost every type of disaster from floods and droughts to earthquakes and landslides. To make the situation little trickier, man-made disasters too are observed time and again. To deal with disasters in an effective way, capital is needed. This flow of money is either funded by revenue on goods and services or from government inventory. A systematic arrangement of budget allocation is done for each financial year in Union Budget. It is also known as the Annual Financial Statement according to Article 112 of the Constitution of India, is an estimate of income and expenditure for a definite duration. Since, the Union Budget of India always takes place on 1st February, it also provides budgetary estimates for the next fiscal year.

In economics, a budget is a systematic list of revenue and expenditure or it can be said that it's a plan for income and expenditure.

This document is an analysis of budget 2023-24 allocated for disasters under different ministries and departments comparing it with previous year i.e., 2022-23 budget. Probable reasons for either increment or decrement in budget is also stated to give an insight about the overall situation and concern of government towards disasters in country.

2. BUDGET ALLOCATION IN DISASTERS

A. Ministry of Home Affairs

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
National Disaster Response Force (NDRF)	1340.01	79.00	1419.01	1467.67	133.35	1601.02
Disaster Management						
Infrastructure for Disaster Management	-	92.12	92.12	-	141.73	141.73
National Cyclone Risk Mitigation Project	-	-	-	-	-	-

Other Disaster Management Schemes	105.74	-	105.74	251.92	-	251.92
Total (Disaster Management)	105.74	92.12	197.66	251.92	141.73	393.65

National disaster response force is a force which was raised to deal with all disasters in country and work effectively to save lives when a disaster strikes. It is one among organizations under National Disaster Management Authority (NDMA) which is headed by prime minister. Every state has its own state disaster recovery force to act on disasters which are not highly severe but when a disaster peaks in severity then NDRF is activated to jointly act with concerned state's SDRF. As it is force which works directly into the field amid a disaster, it's major budget is invested in procurement of machinery and equipment and motor vehicles. Since buying equipment can't generate revenue, it comes under the capital section. As government is starting to realise the need of highly trained and dedicated force for disasters, a 13% rise in the budget allocation is observed.

Disaster management is allotted budget to manage the disasters happening in country effectively which requires development and maintenance of research institutes and also designing schemes which make sure that every affected life is taken care of. A 99.15% increase in total budget allocation is observed which shows that budget has almost doubled from FY 2022-23. Infrastructure for disaster management is for expenditure on construction of office building and residential building of National Disaster Response Force (NDRF), acquisition of land / construction of National Institute of Disaster Management (NIDMs) and for building up of specialised capability for rapid intervention in case of disaster. It has witnessed a 54% increment in budget. A whopping 138% increment in disaster management schemes have been observed as well which covers all the affected people relief schemes from re-building homes to setting up livelihoods so that people can get back to normal lifestyle as early as possible. Apart from this, disaster management schemes also cover providing grant-in aid to various institutions for disaster related Information, education, communication and training. Disaster Management Projects including School Safety programme and grants- in-aid to state Governments for implementation of disaster management projects including school safety programme is also given a share from it.

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Disaster Management						
Andaman and Nicobar Islands	0.89	1.55	2.44	0.33	0.17	0.50
Ladakh	25.08	-	25.08	24.14	-	24.14
Lakshadweep	0.31	-	0.31	0.30	-	0.30
Delhi	15.00	-	15.00	15.00	-	15.00
Jammu and Kashmir	279.00	-	279.00	279.00	-	279.00
Puducherry (including EAP)	5.01	-	5.01	5.01	-	5.01
Total	325.29	-	325.29	323.78	-	323.78

Union territories are allotted funds for disaster management to deal with their localised disasters. UTs like Andaman and Nicobar Islands and Lakshadweep are majorly suffered from hydrological disasters whereas others face disasters concerning land. Puducherry is also allotted 10 lakh INR for externally aided project (EAP) too. It can be observed that there is no significant change in total budget allotted for both years as UTs generally do not face much disasters and even if that happens, it can be taken care of from National Disaster Response Fund (NDRF).

B. Ministry of Finance

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Grants-in-Aid for State Disaster Response Fund	18635.20	-	18635.20	19572.80	-	19572.80
Grants-in-Aid for State Disaster Mitigation Fund	3500.00	-	3500.00	4893.20	-	4893.20
Transfer to National Disaster Response Fund						

Transfer to National Disaster Response Fund (NDRF)	8000.00	-	8000.00	8780.00	-	8780.00
Less National Calamity Contingent Duty (Customs)	-1000.00	-	-1000.00	-1030.00	-	-1030.00
Less National Calamity Contingent Duty (Union Excise)	-7000.00	-	-7000.00	-7750.00	-	-7750.00
	0.00	-	0.00	0.00	-	0.00
Assistance to States from National Disaster Response Fund (NDRF)						
Assistance to States from National Disaster Response Fund (NDRF)	6400.00	-	6400.00	10928.00	-	10928.00
Assistance to States from National Disaster Mitigation Fund (NDMF)	1600.00	-	1600.00	2732.00	-	2732.00
Less Amount met from transfer from NDRF	-8000.00	-	-8000.00	-6400.00	-	-6400.00
	0.00	-	0.00	4880.00	-	4880.00

This allocation comes under the ministry of finance and consists of the transfers to different states. Majorly it is divided into 2 funds i.e., response and mitigation. It can be seen that both response and mitigation funds transfer to states have increased by almost 5.03%. Whereas, if looked upon from the perspective of difference in mitigation and response funds, it can be seen that response funds are 4 times more than mitigation funds. It suggests about the government's focus is highly centred on post disaster scenario while little importance is given to pre disaster i.e., mitigation. There might be multiple reasons to it such as pre disaster

investment doesn't harness much political favours as direct implication is not visible until the disaster strikes. Also, disasters are highly unpredictable and hence it becomes very difficult to decentralize funds properly.

Funds are also allocated under National Disaster Response Fund so that in situation of a national calamity it can be utilised. NDRF can be transferred to any state also when a huge disaster strikes it. It is completely financed by custom and union excise contingency duties which are imposed on products like cigarettes and other tobacco items which are specified in seventh schedule.

C. Ministry of Health and Family Welfare

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Health sector disaster preparedness and response and human resources development and emergency medical services	55.00	20.00	75.00	75.32	52.82	128.14

This allocation is done by ministry of health and family welfare under the department of health and family welfare. Comparing figures from both years budget it can be observed that a 70.42% increment in allocated budget is there for 2023-24 FY. This budget is allocated with the intention of building capacities in human resource to respond to health aspects of disasters. As hospitals are structures which play immense role in disaster recovery, they must be made highly resilient so that they can stay operable even during and after disaster. Hence, allocated capital is used to enhance structural and non-structural resilience of hospitals. Attention is also paid in promoting risk communication for creating awareness for risk reduction and developing specialized capacities for handling medical aspects of chemical, biological, radiological and nuclear disasters in vulnerable regions. Here, a major portion of total budget is covered by capital. Capital budget is something which decreases governments assets and increases its liabilities. It is generally not preferred to allocate from capital till the point revenue is enough to fund the budget. Here it is evident that revenue collection is not

enough as money invested does not directly produce revenue. So, allocation from capital is necessary.

Apart from this, allocations are made under ‘Pradhan Mantri Ayushman Bharat Health Infrastructure Mission’ which is a centrally sponsored scheme with some central sector component spread over 5 years from 2021-22 to 2025-26 for implementation of the Atmanirbhar Bharat Package for health sector announced by the Prime Minister as part of the series of government measures for providing stimulus to the economy. The measures under the PMABHIM focus on developing capacities of health systems and institutions across the continuum of care at all levels, primary, secondary and tertiary, to prepare health systems in responding effectively to the current and future disasters.

D. Ministry of External Affairs

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Disaster Relief	5.00	-	5.00	5.00	-	5.00

Disaster relief is provided by ministry of external affairs whenever help is extended to foreign countries when a disaster strikes there. No change is observed in its budget allocation as it completely depends on international relations or whether disaster actually happens in financial year or not. This assistance is provided to immediate neighbouring countries and also to the countries of Africa, Central Asia, South Asia and Latin America. It also caters for Aid for Disaster Relief and humanitarian aid. The provision also includes aid assistance to Bhutan, Myanmar and Afghanistan.

E. Department of Space

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Space Applications	1034.03	249.20	1283.23	1084.55	474.40	1558.95

Space applications is a branch under Department of Space which deals with activities of ISRO Centres namely Space Applications Centre, development and educational communication Unit, National Remote Sensing Centre, Indian Institute of Remote Sensing, various space application projects and programmes undertaken by the department consisting of national natural resources management system, earth observation applications mission & disaster management support. Continuous real time monitoring is done to make sure early warnings can be produced as fast as possible.

F. Ministry of Chemicals and Fertilisers

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Assistance related to Bhopal Gas Leak Disaster	22.83	-	22.83	23.36	0.04	23.40

Assistance related to Bhopal Gas Leak Disaster is provided by Ministry of Chemicals and Fertilisers under department of chemicals and petrochemicals. It is covering the payments given as compensation or favour to Bhopal gas tragedy victims and staff payment to Bhopal welfare commission. There is no considerable change in budget 2022-23 and 2023-24 figures because major part of the allocation goes towards staff payments of welfare commission which isn't likely to change much apart from yearly increments due to which 2.49% raise in funds is observed.

3. CONCLUSION

After analysing union budget 2023-24, it can be stated that budget allocations under different ministries and departments has been on the better side as compared to previous year i.e. 2022-23. Almost everywhere, the budget has increased as the government is focusing more onto keeping the nation ready for any disaster that might happen. Though it seems a great budget from disaster management perspective but situation becomes dicey when disaster

mitigation comes into picture. A very small portion is directly dedicated towards disaster mitigation which should not happen as it is always better to prevent such situations rather than curing them. Here, disasters cannot be prevented but they can be avoided to some extent if resilience is developed. The allocations made completely for diasaster mitigation are as follows (Department of Space is excluded from the list due to its indirect application in disasters):

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Ministry of Home Affairs						
Disaster Management						
Infrastructure for Disaster Management	-	92.12	92.12	-	141.73	141.73
National Cyclone Risk Mitigation Project	-	-	-	-	-	-
Other Disaster Management Schemes	105.74	-	105.74	251.92	-	251.92
Total (Disaster Management)	105.74	92.12	197.66	251.92	141.73	393.65
EAP at Puducherry	0.01	-	0.01	0.01	-	0.01
Ministry of Finance						
Grants-in-Aid for State Disaster Mitigation Fund	3500.00	-	3500.00	4893.20	-	4893.20
Ministry of Health and Family Welfare						
Health sector disaster preparedness and response and human resources development and emergency medical services	55.00	20.00	75.00	75.32	52.82	128.14
Total Budget for Mitigation						
Total	3660.75	112.12	3772.87	5220.45	194.55	5415.00

It can be observed that a 43.52% increment has happened as compared to last year's budget but still it is just a little share in total budget allocated to disasters. Following is the table stating direct allocations in disaster response:

	Budget 2022-23			Budget 2023-24		
	Revenue	Capital	Total	Revenue	Capital	Total
Ministry of Home Affairs						
National Disaster Response Force (NDRF)	1340.01	79.00	1419.01	1467.67	133.35	1601.02
Disaster Management (UTs)	325.28	-	325.28	323.77	-	323.77
Ministry of Finance						
Grants-in-Aid for State Disaster Response Fund	18635.20	-	18635.20	19572.80	-	19572.80
Transfer to National Disaster Response Fund (NDRF)	8000.00	-	8000.00	8780.00	-	8780.00
Total Budget for Response						
Total	28300.49	79.00	28379.49	30144.24	133.25	30277.49

It is clear that nearly 7% increment is there from FY 2022-23. But comparing the response figures to mitigation, it is found that response allocations are almost 5.7 times as that for mitigation. This gap needs to be filled to stride in the direction of building disaster resilient communities like developed nations. For FY 2021-22, Federal Emergency Management Agency (FEMA) was allocated 1.13 billion USD for disaster response while 500 million USD were kept for disaster mitigation only. Hence, response allocations are just 2.2 times higher than mitigation allocations. It is because of the reason that developed nations believe in making people and structures more resilient so that least loss of lives and property is seen in condition of disasters.