

No. 33-02/2020-NDM-I
Government of India
Ministry of Home Affairs
(Disaster Management Division)

'C' Wing, 3rd Floor, NDCC- II,
Jai Singh Road, New Delhi-110001,
Dated the 28th February, 2022

To,
The Chief Secretaries
(All States).

Subject: Guidelines on Constitution and Administration of the National Disaster Mitigation Fund (NDMF) based on the recommendations of the Fifteenth Finance Commission 2021-22 to 2025-26.

Sir/ Madam,

The Fifteenth Finance Commission (FFC) has made provision of funds for the National Disaster Mitigation Fund (NDMF) in its recommendations, which has been accepted by the Government of India. Keeping in view the provisions of the Disaster Management Act, 2005 and the recommendations of FFC, Government of India has framed guidelines for the constitution and administration of NDMF.

2. A copy of the guidelines for NDMF is enclosed for further necessary action at your end. These guidelines can also be downloaded from the website of Disaster Management Division of Ministry of Home Affairs i.e. www.ndmindia.mha.gov.in.

Encl: As above.

Yours sincerely,


(Pawan Kumar)

Deputy Secretary (DM-1)
Telefax: 23438123

Copy to:-

1. Secretary, Department of Expenditure, Ministry of Finance, North Block, New Delhi.
2. Secretary, Department of Agriculture and Farmers Welfare, Krishi Bhawan, New Delhi.
3. Secretary, Ministry of Housing and Urban Affairs, New Delhi.
4. Secretary, Ministry of Jal Shakti, New Delhi.
5. Secretary, Ministry of Earth Sciences, New Delhi
6. Member Secretary, National Disaster Management Authority, New Delhi.
7. Secretaries of All Central Ministries/Departments.
8. Relief Commissioners/ Secretaries, Department of Disaster Management of (All States).
9. Accountants General of all State Governments.
10. Controller General of Accounts (CGA), New Delhi.
11. Comptroller & Auditor General (CAG), New Delhi.

Ministry of Home Affairs
(Disaster Management Division)

Guidelines on Constitution and Administration of the National Disaster Mitigation Fund (NDMF).

Introduction:

The Disaster Management Act, 2005 (hereinafter called as DM Act, 2005) defines mitigation as 'measures aimed at reducing the risk, impact or effects of a disaster or threatening disaster situation'.

2. National Disaster Mitigation Fund (NDMF) is constituted under section 47(1) of the DM Act, 2005. This fund is exclusively for the purpose of mitigation projects in respect of disasters covered in National Disaster Response Fund (NDRF) Guidelines only. The Mitigation Fund shall be used for those local level and community-based interventions, which reduce the risks and promote environment-friendly settlements and livelihood practices. Large-scale mitigation interventions such as construction of coastal walls, flood embankments, support for drought resilience etc. shall be pursued through regular development schemes and not from the mitigation fund.

3. Mitigation measures can be both structural and non- structural.

Structural measures: Structural mitigation measures include any physical construction to reduce or avoid possible impacts of hazards, or the application of engineering techniques or technology to achieve hazard resistance and resilience in structures or systems. These measures attempt to strengthen buildings to better endure future disasters like cyclones and earthquakes.

Non- Structural measures: It does not involve physical construction but use of knowledge, practices, policies, laws/ regulations etc. e.g. building codes and laws, location specific planning/strategies, forest management/restoration of mangroves, awareness campaigns etc.

4. These guidelines are issued under sections 47 and 62 of the DM Act, 2005 and shall be called 'National Disaster Mitigation Fund' (NDMF) guidelines and will be operative from the financial year 2021-22 to 2025-26, and will continue till further orders.

5. Technical Guidelines:

For the guidance of the State Governments/ implementing partners etc., National Disaster Management Authority (NDMA) will issue technical guidelines separately, within the broad framework of these guidelines and with the concurrence of Ministry of Home Affairs (MHA). Further, Hazard specific mitigation guidelines and detailed procedures for project execution will continue to be issued by the NDMA from time to time in consultation with MHA.

6. Long Term Mitigation Strategy:

At the national and state level, the Disaster Management Authorities will conduct a risk assessment, which presents an assessment of hazards, exposure and

vulnerability and their likely impacts. Based on the risk assessment, the Disaster Management Authorities will prepare long-term mitigation strategy for their respective jurisdiction.

7. National Disaster Mitigation Fund (NDMF):

7.1 The NDMF will be constituted with the nomenclature of "National Disaster Mitigation Fund" in the Public Account in the sub-section (b) Reserve funds not bearing interest of Government of India under Major Head 8235-'General and Other Reserve Funds'-145- 'National Disaster Mitigation Fund'.

7.2 The NDMF will be operated by the Department of Expenditure, Ministry of Finance (MoF) in consultation with Ministry of Home Affairs with an objective to release Grants-in-aid to the State Governments for mitigation projects as approved by High Level Committee (HLC).

7.3 The NDMF will be applied by NDMA for appraisal, monitoring and supervision of mitigation projects.

8 Contribution/Allocation to the NDMF:

8.1 Fifteenth Finance Commission (XV-FC) has recommended Rs.13,693 crore [20% of National Disaster Risk Management Fund (NDRMF) of Rs.68,463 crore] for NDMF for the period 2021-22 to 2025-26. The details of annual allocations for the period from 2021-22 to 2025-26 is given in Annexure-I.

8.2 The Central Government can mobilize and pool funds in the NDMF from various other sources viz. reconstruction bonds, contingent credit/standby facilities with international financial institutions, counterpart funding from implementing partners, crowd funding platforms and Corporate Social Responsibility (CSR) window etc.

8.3 Funds will be credited into the NDMF established in the Public Account of India by operating Major Head "2245-Relief on account of Natural Calamities-07-Disaster Management-797-Transfer to Reserve Funds/Deposits Accounts, in accordance with the provisions of section 47(1) of the DM Act, 2005. The budget provision for transferring funds to the NDMF shall be made in Demand for Grants No.40 'Transfers to the State' of Department of Expenditure, Ministry of Finance.

9. Earmarking of Funds:

9.1 The XV-FC has also recommended the earmarked allocations from the NDMF amounting to Rs.5,950 crore for four priority areas, as given hereunder:

- (a) Catalytic assistance to twelve most drought-prone States- Rs.1200 crore.
- (b) Managing seismic and landslide risks in ten hill States-Rs.750 crore.
- (c) Reducing the risk of urban flooding in seven most populous cities- Rs.2500 crore.
- (d) Mitigation measures to prevent erosion-Rs.1500 crore.

9.2 There may be flexibility in the year-to-year allocation of funds to States, under the 'earmarked allocations', depending upon their implementation progress on mitigation projects. Further, a mid-term review of the expenditure in the head of 'catalytic assistance to twelve most drought prone States', may be undertaken by the MHA and

the Department of Expenditure. In case there is any underutilization of funds, the same may be transferred to the head of 'mitigation measures to prevent erosion'.

9.3 Details of sector wise earmarking of the funds are given at Annexure-II. The funds for these earmarked allocations will be provided to the States in the five years (2021-2026) on a cost-sharing basis and the State Governments shall contribute 10% of the allocated funds. There shall be no spill-over for the liabilities committed for the projects sanctioned against earmarked allocation beyond the award period (2021-2026) of the Commission.

9.4. Additional financial assistance from NDMF will be provided to the State Governments on a graded cost-sharing basis. For this purpose, the States will contribute its share for net-assistance approved by the HLC for each mitigation project as per the following:

- a) 10% State share for assistance up to Rs.250 crore;
- b) 20% State share for assistance up to Rs.500 crore; and
- c) 25% State share for assistance exceeding Rs.500 crore.

10. Reporting of expenditure data in National Disaster Management Information System (NDMIS)

In order to have real time information about availability of SDMF and NDMF with State Governments, the Ministry of Home Affairs has evolved a web-based online application, i.e. National Disaster Management Information System (NDMIS). Therefore, State Governments will provide online data of expenditure incurred from SDMF (including additional central assistance from NDMF) in line with the Central Government's approved norms, on a real time basis. This is also in line with recommendation of the XV-FC in para-8.112 of their Report.

11. Scope of Mitigation Funds under NDMF:

The NDMF will generally fund and support the following types of mitigation projects:

- i) Projects in States, where SDMF funds are insufficient and projects are important from disaster mitigation point of view.
- ii) Protection works, which can be implemented through local level and preferably with community-based intervention, for the projects of national and strategic significance, eco-systems, and natural resource base and mitigation projects for the notified disasters under NDRF.
- iii) Projects, which will be, implemented regionally involving two or more States. In such regional projects, the States and Local Governments can also participate and contribute.
- iv) Projects which have the jurisdictional and technical complexity that can be addressed through the national-level technical assistance and require national agencies to collaborate.
- v) Research and studies related to disaster mitigation through the small grants window.
- vi) In case of flood mitigation projects to be undertaken from the NDMF, States should undertake the following non-structural measures:
 - a) Adopting Integrated Flood Management approach by considering river basin as a hydrological unit.

- b) Real Time Hydro-meteorological Data Acquisition Network coupled with Decision Support System for integrated or standalone operation of reservoir(s), as the case may be.
- c) Delineation and demarcation of flood plain zones on certain notified stretch(es) of river(s) within the State and regulation of various activities permissible therein.

12. Limitations for utilization of the NDMF:

- i) At least 10% of the NDMF each year should be earmarked for non-structural measures. (Components of non-structural measures in projects consisting of both the kinds of measures may be counted towards this limit).
- ii) In a year, not more than 50% of NDMF may be utilized for measures/projects to mitigate risks from a single hazard.
- iii) In a year up to 5% of the NDMF may be earmarked for small grants window to support small proposals related to innovation, technology, community leadership, research, studies and learning. The NDMA will devise a mechanism to fund projects from this window.
- iv) There will be a lower limit of Rs.10 crore for a mitigation project to be financed from the NDMF for structural measures.
- v) Funds available under the NDMF, shall not be used for general environmental improvement or landscape beautification and for funding the existing Government programmes/ ongoing schemes etc.
- vi) Mitigation Fund should, generally, not be used for maintenance and upkeep of any structure or engineering measure aimed at mitigation. This fund should be used for developing and implementing new projects. The mitigation measures that have been implemented, should be maintained through other sources of funding.
- vii) Resources under Mitigation Fund cannot be used towards establishment expenditure such as salaries, office expenditure etc. to be incurred by the Disaster Management Authorities or other entities, except for payment of remuneration to technical staff included in the projects costs. Such payments will be as per the GFR-2017 and extant Government of India guidelines.

13. Administrative mechanism to be followed for processing of proposals under NDMF.

- (i) The National Disaster Management Authority (NDMA) will constitute an Appraisal Committee headed by a Member of NDMA with representatives from the Line Departments, State Government concerned and subject matter experts (if required) for technical feasibility/appraisal of proposals received for funding from the NDMF.
- (ii) State Government(s) shall submit the projects proposals for which central assistance from NDMF is sought, to MHA. MHA will forward the same to the Appraisal Committee constituted under the chairmanship of Member, NDMA for appraisal of the proposed project.
- (iii) Project proposals submitted by the State Government for funding under NDMF should be approved by their State Executive Committee (SEC).
- (iv) Central Government Ministries/Departments/Agencies, in consultation with the State Government(s) concerned, shall submit the project proposals for which central assistance from NDMF is sought, to MHA, for forwarding the

same to the Appraisal Committee.

- (v) The Appraisal Committee of NDMA will make its recommendations to MHA for placing the same before the Sub-Committee of the National Executive Committee (SC-NEC), as constituted under section 9(1) of DM Act,2005, for consideration.
- (vi) The SC-NEC will assess the extent of assistance and expenditure which can be funded from the NDMF and make its recommendations to the High Level committee (HLC).
- (vii) Based on the recommendations of SC-NEC, the HLC will approve the quantum of additional assistance to be released from the NDMF.
- (viii) The financial assistance from NDMF will be provided to the State Governments on a graded cost-sharing basis as mentioned in para 9.3 &9.4 of these guidelines.

14. High Level Committee(HLC):

HLC will be constituted with Union Home Minister as Chairperson, and Finance Minister, Agriculture Minister, and Vice Chairman, NITI Aayog as Members. The HLC will be serviced by the Disaster Management Division of Ministry of Home Affairs.

15 Release of Funds:

- i) Upon the approval of the HLC, Department of Expenditure, Ministry of Finance will release assistance from the NDMF to the States, based on the recommendations of Ministry of Home Affairs.
- ii) The Department of Expenditure, Ministry of Finance will maintain NDMF under a separate minor head in Demand No. 40 and will credit to it 20% of the annual allocation of the National Disaster Risk Management Fund (NDRMF).
- iii) Assistance will be released from the head "3601-Grants-in-aid to State Governments-07-Finance Commission Grants-105 General (Relief on account of Natural Calamities)-Disaster Management" with equivalent amount shown as recovery from the fund maintained in the Public Account under the head "8235-General and Other Reserve Funds-145 – National Disaster Mitigation Fund. On receipt of funds from NDMF, State Government shall account receipt in concerned major/ minor head and make suitable budget provision on expenditure side under relevant accounting head.

16 Execution of Projects:

The NDMA shall supervise the implementation of Mitigation Project funded from the NDMF. The NDMA can seek progress/performance report on the projects funded through the NDMF by the States and will submit the annual progress report to Ministry of Home Affairs and Ministry of Finance.

17 Accounts and Audit:

- i. The detailed accounts of fund shall be maintained by the Controller General of

Accounts through the Chief Controller of Accounts, Ministry of Finance.

- ii. The accounts of the NDMF shall be audited annually by the Comptroller & Auditor General in conformity with the NDMF guidelines.

18. Developing a Disaster Database:

NDMA shall develop a disaster database as a special initiative. The database should have disaster assessments, the details of allocations and expenditure and preparedness and mitigation plans. The database of the projects includes all the details related to project components, expenditure, reviews, evaluation and outcome.

19. Outcome Framework:

NDMA shall develop an outcome framework to ensure a greater accountability for allocation and utilization of NDMF/SDMF resources. This framework could be based on achieving the Sendai Framework indicators, which may include reducing mortality, supporting community recovery and resilience and improving the quality and substance of disaster assistance. The set of indicators may be determined by the NDMA.

20. Procurement of Goods and Services:

All procurements required for implementing approved projects shall be made by the Government agencies for implementing the proposal in accordance with the latest General Financial Rules (GFR) and from GeM portal.

21. Other Provisions:

- i. Projects taken up from NDMF must have verifiable and measurable outcomes.
- ii. Projects earmarked by the XV-FC to be funded from the NDMF during award period 2021-26 shall be sanctioned in such a manner that these can be completed within the award period of the Commission. There shall be no spill over liabilities of the projects sanctioned under NDMF.

22. Savings:

- i. In case of any difficulty in interpretation of any of these guidelines, the matter shall be referred to MHA, whose decision shall be final.
- ii. MHA, with the concurrence of Department of Expenditure, Ministry of Finance, may amend these guidelines, in such a manner as may be required to facilitate smooth operation of immediate mitigation measures.
- iii. MHA is the nodal Ministry for overseeing the operation of NDMF and shall monitor compliance with the prescribed processes. MHA may issue directions/ instructions under the DM Act, 2005 in this regard.

Annexure-I

Year-wise details of funds allocated under National Disaster Risk Management Fund (NDRMF) and 20% share of NDMF as National Disaster Mitigation Fund (NDMF) during 2021-22 to 2025-26

(Rs. in crore)

| Year | Total Allocation of NDRMF | NDMF (20% share of NDRMF) |
|--------------|----------------------------------|----------------------------------|
| 2021-22 | 12,390.00 | 2,478.00 |
| 2022-23 | 13,010.00 | 2,602.00 |
| 2023-24 | 13,660.00 | 2,732.00 |
| 2024-25 | 14,343.00 | 2,869.00 |
| 2025-26 | 15,060.00 | 3,012.00 |
| Total | 68,463.00 | 13,693.00 |

Projects earmarked by the XV-FC to be funded from the NDMF from the financial years 2021-22 to 2025-26

a) **Catalytic Assistance to Twelve Most Drought-prone States for preparing District-level Drought Mitigation Plan :**

XV-FC has recommended an allocation of Rs. 100 crore each from NDMF to twelve most drought affected State (Andhra Pradesh, Bihar, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, and Uttar Pradesh) for 5 years from 2021-22 to 2025-26 (aggregating to Rs. 1200 crore) in order to develop district level drought mitigation plans to address the challenges posed by successive droughts.

Allocation to Drought-prone States for Drought Mitigation

| SI No | State | (Rs. in crore) |
|-------|----------------|----------------------------|
| | | Total Allocation (2021-26) |
| 1. | Andhra Pradesh | 100 |
| 2. | Bihar | 100 |
| 3. | Gujarat | 100 |
| 4. | Jharkhand | 100 |
| 5. | Karnataka | 100 |
| 6. | Madhya Pradesh | 100 |
| 7. | Maharashtra | 100 |
| 8. | Odisha | 100 |
| 9. | Rajasthan | 100 |
| 10. | Tamil Nadu | 100 |
| 11. | Telangana | 100 |
| 12. | Uttar Pradesh | 100 |
| | Total | 1200 |

b) **Managing Seismic and Landslide Risks in Ten Hill States:**

XV-FC recommended an allocation of Rs. 750 crore for Ten Hill States to undertake a mitigation programme to address earthquake and landslide risks from 2021-22 to 2025-26. It includes an allocation of Rs. 250 crore each to Himachal Pradesh and Uttarakhand (at the rate of Rs. 50 crore per year), and Rs. 250 crore for all the States in the north-east (Assam, Arunachal Pradesh, Mizoram, Meghalaya, Manipur, Nagaland, Sikkim and Tripura)

Allocation for Managing Seismic and Landslide risks in Hill States

| SI No | State | (Rs. in crore) | |
|-------|-------------------------|-------------------|----------------------------|
| | | Annual Allocation | Total Allocation (2021-26) |
| 1. | Himachal Pradesh | 50 | 250 |
| 2. | Uttarakhand | 50 | 250 |
| 3. | All North-Eastern State | | 250 |
| | Total | | 750 |

c) **Reducing the Risk of Urban Flooding in Seven Most Populous Cities:**

XV-FC have recommended an allocation of Rs. 2500 crore from 2021-22 to 2025-26 from the NDMF to enable cities with a population of more than five million (Mumbai, Chennai, Kolkata, Bengaluru, Hyderabad, Ahmedabad and Pune) to prepare integrated solutions for flood management, in view of the regular incidence of flooding and heavy losses. Out of Rs. 2500 crore, the Commission has allocated Rs. 1500 crore [Rs 100 crore per year for each of the three metros (Mumbai, Chennai and Kolkata)] and of Rs 1000 crore [Rs 50 crore per year for each of the four other cities (Bengaluru, Hyderabad, Ahmedabad and Pune)].

Allocation to Cities for Reducing the Risk of Urban Flooding

(Rs. in crore)

| Sl No | State | Annual Allocation | Total Allocation (2021-26) |
|-------|--------------|-------------------|----------------------------|
| 1. | Mumbai | 100 | 500 |
| 2. | Chennai | 100 | 500 |
| 3. | Kolkata | 100 | 500 |
| 4. | Bengaluru | 50 | 250 |
| 5. | Hyderabad | 50 | 250 |
| 6. | Ahmedabad | 50 | 250 |
| 7. | Pune | 50 | 250 |
| | Total | 500 | 2500 |

- d) **Mitigation Measures to Prevent Erosion:** In order to mitigate the risk of erosion, XV-FC has recommended an allocation of Rs. 1500 crore from the NDMF for the period 2021-22 to 2025-26. States would need to apply for these funds for undertaking erosion mitigation works.

Note: There may be flexibility in the year-to-year allocation of funds to the States.
