

Scheme for Constitution and Administration of the Calamity Relief Fund

Title of the Scheme

1. The scheme shall be called 'Calamity Relief Fund'scheme.

Period of Operation

2. The scheme will be operative from financial year 2005-06 and continue till the end of the financial year 2009-10.

Calamities covered under the Scheme

3. The CRF shall be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack.

Constitution of Calamity Relief Fund

4. The Calamity Relief Fund will be constituted in the Public Account and classified under the head "8235-General and Other Reserve Funds-111 Calamity Relief Fund" in the accounts of the State Government concerned and would be invested as per provisions of para 9 of the scheme. However, if for some reason, a State is not in a position to invest the fund in a manner prescribed in the said para 9 of the scheme, such State can be permitted by Ministry of Finance to constitute CRF, under the head "8121- General and Other Reserve Funds – Calamity Relief Fund" in the interest bearing section of the Public Account.

Contributions to the Fund

- 5.1 The amount of annual contribution to the Calamity Relief Fund of each State (hereinafter the "CRF") for each of the financial years 2005-06 to 2009-10 would be as indicated in Annex-I to this scheme. Of the total contribution indicated, Government of India will contribute 75% of the total yearly allocation in the form of a non-plan grant and the balance 25% amount will be contributed by the State Government concerned. The yearly shares of the Government of India and the State Governments are shown in Annex-II and III respectively.

- 5.2 The share of the Government of India to the CRF shall be paid as Grants-in-aid and accounted for in the Government of India accounts under the head "3601- Grants-in-aid to State Governments-01 Non-plan grants- 109 Grants towards contribution to Calamity Relief Fund". The State Governments shall take these as receipts in their budget and account under the head "1601- Grants-in-aid from Central Government-01 Non- plan Grant-109 Grants towards contribution to

Calamity Relief Fund".

5.3 In order to enable transfer of the total amount of contribution to the CRF (including the State's share of contribution), the State Governments would make suitable Budget provision on the expenditure side of their budget under the head "2245-Relief on Account of Natural Calamities-05 Calamity Relief Fund -101 Transfers to Reserve Fund and Deposit Accounts-Calamity Relief Fund". Immediately upon receipt of Government of India's share as per para 5.2 of the scheme, the States would transfer the amount, along with their share if not already transferred, to the Public Account Head indicated in para 4 of the scheme, as the case may be.

5.4 The share of the Central Government shall be remitted to the State Governments in two instalments on June 1, and December 1, in each financial year. Likewise, the State Governments shall also transfer their contribution to the CRF in two instalments in June and December of the same year, provided that if Ministry of Finance is satisfied that exigencies of a particular calamity so warrant, the State shall be able to draw 25% of the funds due to the State in the following year from the Centre to be adjusted against the dues of the subsequent year.

Release of Central Contribution to the Fund

6. The share of the Government of India to the CRF due in a year shall be released to the State Governments subject to the following conditions:

(i) A 'Calamity Relief Fund' has been duly constituted by the State Government in the manner prescribed in para 4 above. The creation of the Fund duly certified by the Accountant General(A&E) of the State shall be furnished by the State Government to the Ministry of Finance before July 31, 2005.

(ii) The State Government shall furnish a certificate to the Ministry of Finance in the months of April and October every year indicating that the amount received earlier has been credited to the Fund along with the State's share of contribution, accompanied by a statement giving the up-to-date expenditure and the balance amount available in the CRF. This statement should be in the proforma at Annex-IV.

(iii) Centre's contribution due on December 1, shall be released only after the 'Annual Report on Natural Calamities' as per provisions of para 11.2 of the scheme is received by the Ministry of Home Affairs and the Ministry of Finance. This Annual Report shall furnish details of expenditure incurred by the State Government on each of the calamities, for each type of expenditure allowed as per the norms of CRF so fixed.

(iv) Whenever CRF of a State is replenished with additional grants-in-aid from National Calamity Contingency Fund (NCCF), the State Government would treat the flow of grants from the Gol in the same manner as far as transfer and accounting is concerned and furnish a specific utilization certificate, in proforma at Annex-V, within three months of the Financial year in which such a grant is released.

(v) The release of both the instalments shall be made by Ministry of Finance subject to the above conditions being satisfied unless advised by Ministry of Home Affairs

for withholding of release to any State.

Relationship of Fund with General Revenues/ Public Account

7. The periodic contributions to the CRF as well as the other income of the CRF shall be invested in the manner prescribed in para 9 of the scheme. Wherever Government of India's concurrence has been provided for constituting interest bearing Public Account as per para 4 above, the State Government shall pay interest to the CRF at the rate applicable to overdrafts under overdraft Regulation scheme of the RBI. The interest will be credited on a half yearly basis.

State Level Committee

8.1 A State-level Committee (hereinafter referred to as 'the Committee') shall be constituted by the State Government to administer the CRF, by issue of a suitable notification in this behalf. A copy of the notification shall be furnished to Ministry of Finance and Ministry of Home Affairs.

Composition of State Level Committees

8.2 The Chief Secretary to the State Government shall be the ex-officio Chairperson of the Committee. The Committee would consist of officials who are normally connected with relief work and experts in various fields in the State affected by natural calamities.

Sub-Committee

8.3 The State Governments and/or the State level Committees may constitute sub-committees as may be considered necessary by them in connection with the work of the Committee.

Functions of the State Level Committee

8.4 The Committee will decide on all matters connected with the financing of the relief expenditure from CRF.

8.5 The Committee will arrange to obtain the contributions from the concerned Governments, administer the CRF and invest the accretions to the CRF in accordance with the norms approved by the Government of India from time to time. The norms of investment are indicated in para 9.3 of the scheme.

8.6 The Committee shall also be responsible to ensure that the money drawn from the Calamity Relief Fund is actually utilised for the purposes for which the CRF has been set up, and only on items of expenditure and as per norms contained in the guidelines issued by the Ministry of Home Affairs .

8.7 The accretions to the CRF, together with the income earned on the investments of the Fund, will be used by the Committee to meet items of expenditure covered by the norms contained in the guidelines. No further financial assistance (beyond the Central Government's yearly contribution to the CRF) will

ordinarily be available for the purpose.

Expenditure of Committee

8.8 All administrative and miscellaneous expenses of the Committee shall be borne by the State Government under its normal budgetary provisions and not from the CRF.

Administration of the Fund

9.1 As stated in paragraph 8.1 above, the responsibility for the administration of the CRF will rest with the Committee.

9.2 On receipt of the amounts of contributions from the Government of India and/or the State Government, the Committee would take action for investment of the funds as per the norms prescribed in para 9.3 of the scheme. The investment of the funds shall be carried out by the branch of the Reserve Bank of India (having Banking Department) at the headquarters of the State, or a Bank designated by RBI. In the case of Jammu & Kashmir and Sikkim, these functions shall be carried out by their bankers.

Pattern of Investment from the Fund

9.3 The accretions to the Fund together with the income earned on the investment of the Fund shall, till contrary instructions are issued by Government of India under para 8.5, be invested in one or more of the following instruments:

- (a) Central Government dated Securities
- (b) Auctioned Treasury Bills
- (c) Interest earning deposits and certificates of deposits with Scheduled Commercial Banks;
- (d) Interest earning deposits in Co-operative Banks;

Account of Investment Transactions

9.4 The Committee will, from time to time, issue instructions to the concerned local bankers indicated in para 9.2 above to invest specified amount(s) from the CRF in the securities specified in clauses (a) to (d) under paragraph 9.3. Such instructions will be issued by the Chairman or any one of the members of the Committee. The banks will immediately arrange to make the necessary investment locally or through their branches/correspondent banks/RBI at Mumbai or other metropolitan centres. The banks would scroll to the Government the debit on account of the investment and other incidental charges like brokerage, commission etc. in the usual course. However, in order to ensure that the investment transactions of the Fund do not get mixed up with other transactions these may be indicated distinctly in separate scrolls.

9.5 On receipt of the scrolls the investment transactions would be accounted for under the head "8235- General and Other Reserve Fund-112 Calamity Relief Fund." The incidental charges like brokerage, commission etc. shall be accounted for as a charge on the Fund.

9.6 As far as practicable, the investment in the dated securities of the Central Government should be made in their new issues, that is to say, at the time when they are offered for subscription to the public.

9.7 The Bank will arrange to collect interest on these securities/bonds and credit the same to the account of the Government on the due date. These receipts shall form a part of the receipts of the CRF and would be accounted for as such. Further, these would require to be invested by the Committee as in the case of the contributions by the Government i.e. in accordance with the investment norms prescribed in para 9.3 above. On maturity of the securities, the proceeds will be collected and credited to the account of the Government or reinvested on the basis of instructions received from the Committee. As in the case of the debit scrolls the banks shall use separate scrolls for the receipts.

9.8 On receipt of instructions from the Committee, the concerned bank will arrange to sell the securities at the ruling price through its branches/correspondent banks/RBI at Mumbai or any other metropolitan Centre and credit the amount realised, less incidental charges, to the account of the Government.

9.9 The receipts on account of maturity or sale of the securities would be taken to the account of the "Calamity Relief Fund". The incidental charges on sale would be charged on the Fund.

9.10 The auctioned Treasury Bills may be purchased by the bank either at the Treasury Bill auctions on the basis of a non-competitive bid or in the market.

Assessing Expenditure Requirements

9.11 The Committee will assess the requirements of assistance from the CRF for financing relief expenditure. The provision for expenditure on relief will be made in the budget of the State Government under the relevant heads. The extent of relief expenditure to be financed from the CRF as decided/ authorised shall be withdrawn from the Fund by the Committee after disposal of the investment holdings in the manner prescribed in para 9.12 and credited to the CRF Account.

Encashment of Securities

9.12 To meet liability on account of the claims sanctioned for relief, the Committee will first dispose of its holdings of auctioned Treasury Bills to the extent required, the oldest lot of bills being sold first and so on. If the amount obtained by the sale of auctioned Treasury Bills is not sufficient to meet the liability towards relief sanctioned, the Committee may encash the deposits with the local branches of the scheduled commercial banks and the co-operative banks. The Central Government dated securities may be sold only if the amount realised by the sale of

treasury bills and encashment of the deposits is not adequate.

9.13 The concerned State Government will pay to the RBI/SBI/ other banks a commission at the rate determined by RBI in consultation with the concerned State Government. These charges shall also be borne by the Fund as in the case of the charges indicated in paras 9.4 and 9.8. The loss or gain on the sale of securities shall also be taken to the account of the Fund.

10.1 The norms for the amounts to be incurred on each approved item of expenditure shall be prescribed by the Ministry of Home Affairs. Concurrence of Ministry of Finance should be obtained on file on any changes proposed in the norms. In case any State Government exceeds the amount prescribed, the excess expenditure should be borne on the budget of the State Government and not on CRF.

10.2 Expenditure on training of the core multi-disciplinary group created in the State as per the guidelines of the Ministry of Home Affairs, shall be met from CRF.

Items and Norms of Expenditure

10.3 The expenditure on restoration of damaged infrastructure and capital assets should be met from the normal budgetary heads, except when it is to be incurred as part of providing immediate relief.

The restoration/replacement of damaged infrastructure has to be planned very often to new standards, arrived at after detailed analysis of the phenomena that caused the damage, which cannot be done as part of immediate relief assistance. Such expenditure is, therefore, to be met from plan funds.

10.4 The provision for disaster preparedness and mitigation needs to be built into the State plans, and not as a part of calamity relief.

Monitoring by the Ministry of Home Affairs

11.1 The Ministry of Home Affairs will be the nodal Ministry for overseeing the operation of CRF. They shall monitor the scheme of CRF and may advise the State Level Committee from time to time in this regard to ensure proper functioning of the scheme. Further, the Ministry of Home Affairs shall recommend for adjustment/ withholding of release of any instalment to the States in the event of any deficiency/shortcoming in the implementation of the scheme by the States.

11.2 The State Governments shall be expected to furnish every year an Annual Report on Natural Calamities in the format prescribed by the Ministry of Home Affairs. This report shall be sent by every State Government to the Ministry of Home Affairs and to Ministry of Finance positively by September 30, every year.

11.3 The Ministry of Home Affairs shall, inter-alia, undertake evaluation of the expenditure incurred out of CRF. They will get such evaluation done by an independent agency for at least six States in a year, so as to ensure that the evaluation for all States is done at least once in five years. Terms of Reference for

the independent evaluation shall be decided by the Ministry of Home Affairs in consultation with Ministry of Finance.

Unspent Balance in the Fund.

12. The unspent balance in the CRF as at the end of the Financial year 2004-05 shall be the opening balance of CRF for 2005-06. Any balance available at the end of 2005-10 will be available to the State Government for being used as a resource for the next plan, if the scheme of CRF is discontinued by GoI upon consideration of XIII Finance Commission recommendations. Otherwise, the closing balance would be available for relief expenditure under CRF in the ensuing period of 2010-2015.

Accounts and Audit

13.1 The Accounts of the Fund and the investment shall be maintained by the Accountant General in charge of accounts of the State in the normal course. The Committee will, however, maintain subsidiary accounts in such manner and details as may be considered necessary by the State Government in consultation with the Accountant General.

13.2. Comptroller and Auditor General of India would cause audit of CRF to be conducted every year in terms of the purposes of the CRF scheme. The State Government shall furnish a copy of the audit report of the Comptroller and Auditor General of India in respect of CRF to the Ministry of Finance, which in turn, will provide a copy to the Ministry of Home Affairs.

Savings

14. The Ministry of Finance shall issue instructions relating to the provisions of the scheme, as may be considered from time to time, to enable smooth functioning of the scheme. The Ministry of Finance may also alter/modify the scheme, if considered necessary subsequently. In case of any difficulty in the operation of any provision of this scheme, the Central Government, if satisfied, may relax the provisions.