



Review Article


Relevance of Financing in Natural Disaster Management

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Abstract	Manuscript Information
<p>This paper aims to focus on the concept of natural disaster management and the relevance of financing in natural disaster management. The study discloses the agencies and financial framework for disaster management at the government level. It has been found that the disaster relief funding is now widely acknowledged as a collaborative effort between the central and state governments. It also reveals that the Fifteenth Finance Commission supported the creation of National and State Disaster Management Funds (NDMF & SDMF) to fund relief efforts at the grassroots level. It further depicts that NGOs also play a very significant role in disaster risk reduction and post-disaster management.</p>	<ul style="list-style-type: none"> ▪ ISSN No: 2583-7397 ▪ Received: 21-05-2025 ▪ Accepted: 15-06-2025 ▪ Published: 22-06-2025 ▪ IJCRM: 4(3); 2025: 442-445 ▪ ©2025, All Rights Reserved ▪ Plagiarism Checked: Yes ▪ Peer Review Process: Yes
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INTRODUCTION

A disaster is described as a large-scale disturbance that can be caused by natural forces or human actions, occurring over a short or extended period. Disasters may cause human, material, economic, or environmental challenges that can be beyond the bearable capacity of the affected society. Numerous disasters in India, with a strong connection to India's climate, result in significant loss of lives and property. Natural disasters can result from occurrences such as earthquakes, floods, droughts, landslides, cyclones, and other similar events. Landslides frequently occur in the Lower Himalayas, and avalanches are

commonly seen in Kashmir, Himachal Pradesh, and Sikkim, among other regions. India experiences the highest occurrence of floods among all types of natural disasters. Cyclones affect thousands of Indians living in the coastal regions. Like, In August 2023, severe rain led to floods and landslides in Himachal Pradesh, resulting in the deaths of 19 individuals in Mandi district. Two landslides and a cloudburst resulted in the deaths of fourteen individuals in Shimla, the capital of Himachal Pradesh. In Solan, seven people died as roads were flooded and homes were swept away. In Sambal, another seven people lost their lives due to the floods, with at least 700 roads submerged in

the Himachal Pradesh district. After the floods, all educational institutions, including schools and colleges, were shut down. Two individuals lost their lives in the state of Uttarakhand. A minimum of twenty individuals remain unaccounted for. A total of 72 individuals lost their lives as a result of the flooding. In Punjab, a high alert was issued in various districts of Punjab on 9 July 2023 because of continuous rainfall. There were too many waterlogged roads, causing several cars to end up submerged in water. The conditions deteriorated in Patiala and Dera Bassi, with fields getting flooded. Numerous roads collapsed, causing a disruption in the flow of traffic. There were no signs of the rains letting up, as it had been raining heavily for the last three days. On July 10, 2023, a directive was issued for the closure of all schools.

OBJECTIVES

The present study is based on the following objectives:

- To study the concept of disaster management and various agencies participating in disaster management at the government level.
- To study the financial framework for disaster management by the government of India.
- To study the role of national and international NGOs in disaster management.

Disaster Management

Disaster management deals with managing resources and responsibilities in case of emergencies. It looks at dealing with calamities in case of natural and man-made disasters. The Disaster Management Act of 2005 states that Disaster Management involves a comprehensive process of planning, organizing, coordinating, and executing required actions which are necessary for

1. Prevention of threat of any disaster
2. Reduction of risk of any disaster or its consequences
3. Readiness to deal with any disaster
4. Promptness in dealing with a disaster
5. Assessing the severity of the effects of any disaster
6. Rescue and relief
7. Rehabilitation and Reconstruction

Agencies participating in Disaster Management

National Disaster Management Authority (NDMA): The NDMA, headed by the Prime Minister of India, is the apex body for disaster management in the country, created under the Disaster Management Act 2005. It oversees, directs, and manages the National Disaster Response Force (NDRF).

National Executive Committee (NEC): The NEC is composed of high-profile ministerial members from the government of India that include the Union Home Secretary as chairperson and the secretaries to the Government of India (GOI) like the ministries/departments of agriculture, atomic energy, defense, drinking water supply, environment and forests, etc. The NEC prepares the National Plan for Disaster Management as per the National Policy on Disaster Management.

State Disaster Management Authority (SDMA): The head of the SDMA is the chief minister of the state concerned. The state government has a State Executive Committee (SEC) that supports the State Disaster Management Authority (SDMA) in managing disasters.

District Disaster Management Authority (DDMA): The DDMA is headed by the District Collector, Deputy Commissioner, or District Magistrate, and the elected representatives of the local authority serve as the co-chairperson, depending on the circumstances. The DDMA guarantees that the state government's departments at the district level and the local authorities in the district adhere to the guidelines set by the NDMA and the SDMA.

Role of Financing in Disaster Management

The concept of finance is very relevant in disaster management. Finance is required for disaster management during the pre- and post-disaster phases. Pre-disaster financing has the potential to significantly increase the predictability, speed, and effectiveness of responses to shocks. In the pre-disaster phase, finance is required for the construction of dams, retaining walls, and embankments; the implementation of government schemes like the watershed development program in water-deficit regions; meeting the requirements of machinery and equipment, etc. In the post-disaster phase, the need for finance has arisen for arranging relief camps for disaster victims in schools, community halls, etc.; providing food and medical facilities; compensating for the loss of life or property; and reconstructing the socio-economic structure. The center and state governments and NGOs are providing relief to disaster victims through various ways, which are discussed below:

Financial framework for Disaster Management at Government Level

Numerous measures are implemented by the government to establish strong disaster management strategies. In India, the financing of disaster relief is an important aspect of federal fiscal relations. As a consequence, disaster relief funding is now widely acknowledged as a collaborative effort between the central and state governments. Finance Commissions believe it is suitable to address the issue before it was officially part of their responsibilities.

National Disaster Response Fund

In 2005, the National Calamity Contingency Fund (NCCF) was renamed as the National Disaster Response Fund (NDRF) according to the provisions of the Disaster Management Act, 2005. The fund is described in Section 46 of the DM Act, 2005. It is established within the Public Account of India as "reserve funds without earning interest." The central government manages to cover the costs of emergency response, relief, and rehabilitation for all disasters. If a major disaster occurs and there are insufficient funds in the State Disaster Response Fund (SDRF), it will be supplemented. Recently, the central government has authorized donations from any person or organization to the National Disaster Response Fund, in

accordance with Section 46(1)(b) of the Disaster Management (DM) Act, 2005. The Agricultural Department and Cooperation oversee relief efforts for severe disasters such as hailstorms, pest invasions, droughts, and cold waves/frost. On the other hand, the Ministry of Home Affairs (MHA) oversees the remaining natural disaster emergencies. The CAG audits the National Disaster Response Fund. The main task of NDRF is to provide a specialist response in case of disasters, which broadly covers:

- Aiding civil authorities in the distribution of relief supplies.
- Initial medical assistance to victims.
- Capacity building.
- To organize simulated drills alongside other parties for a coordinated reaction in times of disaster.
- To provide training to the State Disaster Response Force (SDRF), NGOs, and Communities on managing disasters.

State Disaster Response Fund

It has been created according to Section 48 (1) (a) of the DM Act, 2005, it is the main fund that State Governments can access to respond promptly to disasters once they are aware of them. General category States and Union Territories receive 75% of the SDRF share from the Central Government, while special category States and Union Territories, such as North-eastern states, Sikkim, Himachal Pradesh, Uttarakhand, Jammu, and Kashmir, receive 90%. The annual Central pledge is divided into two equal parts as per the recommendation of the Finance Commission. SDRF can be uniquely utilized to provide prompt assistance to individuals affected by disasters.

Local Disaster: A State Government can use 10% of the SDRF to give instant help to those impacted by a natural disaster within the state's local area, not listed as a disaster by the Ministry of Home Affairs. It is dependent on the requirements specified by the State Government. The State Authority, which is the State Executive Authority (SEC), establishes specific guidelines and transparent norms for natural disasters that are unique to each state.

Finance Commission recommendations on Disaster Management

- The 15th Finance Commission supported the creation of National and State Disaster Management Funds (NDMF & SD MF) to fund relief efforts at the grassroots level. It has also suggested keeping the current cost-sharing arrangement between the State and Centre for financing the SD MF (new) and the SDRF (existing).
- The term "Disaster Risk Management" has been brought in as a replacement for "Disaster Management." This shows a sophisticated approach to disaster risk finance, which is not reactive but proactive and focused on preparation.
- The Finance Commission report recently introduced the term 'River erosion'. This could signify the start of organized attempts to recognize 'riverine erosion' as a notable threat impacting vulnerable communities.

Role of National and International NGOs in Disaster Management

All around the globe, disasters occur frequently and severely, the developing nations experiencing a much greater impact. People in developing countries are significantly more impacted than those in the developed world due to their natural vulnerabilities and lack of readiness. Numerous NGOs are active in various aspects of disaster management such as raising awareness, providing training, addressing advocacy issues, responding to disasters, and offering relief and rehabilitation services. Some of them have done excellent work in the major disasters that India has faced. Over the past ten years, international NGOs have also demonstrated their eagerness to aid in such circumstances and have actively made valuable impacts. It is acknowledged that NGOs can greatly enhance their contributions to disaster risk reduction and post-disaster management.

Some NGOs like Khalsa Aid, founded in 1999, is a UK based international nonprofit humanitarian organization providing support to victims of natural and man-made disasters around the world. Nishkam, Bhai Ghanaiya Ji is the true model of Team Nishkam. Nishkam has always responded to man-made disasters and natural calamities across India. The earthquake in Uttarkashi, the ravages by Tsunami in Tamil Nadu, floods in Punjab, and the earthquake in Kashmir, 2005, Nishkam volunteers have always been there to provide relief and succour. Shiromani Gurdwara Parbandhak Committee also provides support to victims of natural and man-made disasters. Other NGOs like Care India, Help Age India, Goonj, Ram Krishna Mission, Habitat for Humanity, Vivekananda Rural and Urban Development Association, Smile foundation, Navajeevan Rural Development Society etc. are helping to affected people.

CONCLUSION

Natural disasters can result from occurrences such as earthquakes, floods, droughts, landslides, cyclones, and other similar events. Numerous disasters in India, with a strong connection to India's climate, result in significant loss of lives and property. The study highlights that the financing of disaster relief is an important aspect of federal fiscal relations in India. As a consequence, disaster relief funding is now widely acknowledged as a collaborative effort between the Central and State Governments. Finance Commissions believe it is suitable to address the issue before it becomes officially part of their responsibilities. The 15th Finance Commission supported the creation of National and State Disaster Management Funds (NDMF & SD MF) to fund relief efforts at the grassroots level. It further depicts that NGOs also play a very significant role in disaster risk reduction and post-disaster management. It can be concluded that the strong financial support during Natural disasters results in resilient strategies to fight back. At last, it can be suggested that the disaster policies need to shift towards mitigation rather than just focusing on recovery.

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