Source : www.pib.nic.in Date : 2018-11-15

GST COUNCIL MAY HAVE TO TAKE A VIEW ON THE FUNDING OF NDRF - SHRI N.K.SINGH

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Ministry of Finance

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XVFC concludes International Workshop on Financing of Disaster Risk Managementin India, urged to come up with a structure to make 'Disaster Mitigation' an integral part of development expenditure

Posted On: 14 NOV 2018 5:05PM by PIB Delhi

XVFC concluded the International Workshop in India on Financing of Disaster Risk Management yesterday in New Delhi. The two-day conference discussed various issues related to Disaster Risk Management (DRM) ranging from urbanization, climate change, coastal erosion, localizedcatastrophes and the price associated with it, among many other issues. The need for a Disaster Mitigation Fundwas also discussed. Chairman of XV Finance Commission Shri N.K. Singh in his closing remarks said that there has to be clear understanding of what exactly 'Mitigation' means in an environment of multilayered risks (High Frequency, Low Impact and various other combinations). He also said that there is a need to rework the ways in which funds can be collected for disaster risk management, both on tax and non-tax front. Impact on revenues of state govt.s due to GST is important as states are the first responders in case of any disasters. How should the National Disaster Response Fund (NDRF) be funded in GST era, Issue of cess on GST for the purpose of funding disaster response are some policy level issues on which GST Council may have to take a view.

This is not only the issue of earmarking of funds for DRM but also to ensure that funds earmarked are used for DRM like in case of funds devolved to states on account of Forest cover. Deciding on conditionality for use of such funds is a tricky thing. Shri Subhash Chandra Garg, Secretary DEA in his closing remarks urged the Commission to come up with a structure to make Disaster Mitigation an integral part of development expenditure. We need to rethink about ways to finance flexible safety net for the people during stress, he said. Dr. P. K. Mishra said that issue in funding arises due to the different nature of mitigation activities (non-contingent) and relief activities (contingent needs-depends on scale of disaster).

Conference also discussed various sources of funding Disaster Risk Management viz. Finance Commission devolution, NDRF, SDRF, crowd sourcing, CSS, CSR and funds from multilateral institutions and enhancing their utility. Role of insurance companies and the issues associated were also discussed in terms of risk transfer. It was also suggested in the conference that FC should look at institutions that enable federalism to strengthen Horizontal Exchange of resources and expertise between the states during the times of disasters.

It was also opined that a Country's credit risk is impacted bypresence or absence of disaster

resilience in policies and the resultant losses. Criteria for deciding the quantum of NDRF/SDRF is a key question. DRM needs are very diverse as they include relief, recovery, resilience, mitigation and therefore need careful consideration in decision making which in turn depends on availability of suitable data, analytical tools and replicable models. Experts agreed that any resilience model may be started in Pilot mode and then scaled up. Funds for DRM will require resources and investment not only from govt. but also from private sector, NGOs and civil society.

Participants including Ms. Fracine Pickup, Country Director, UNDP and Dr. Junaid Kamal, Country Director, World Bank India thanked the Chairman and members of the Commission for organizing the International Conference on DRM in India and bringing together ideas, models and expertise from across the globe. Ms. Fracine Pickup said that disasters and development are inextricably linked. Investment that is resilient to disaster risk, sets a pathway for Sustainable Development. She mentioned that UNDP has introduced the concept of 'Risk Index of States' to guide resource allocation and enable policy commitments to specific DRM interventions. Dr. Junaid Kamal said that in a rapidly urbanizing nation, it would be to the country's advantage to invest in building disaster resilient infrastructure which will eventually help lower the cost of impact.

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