Closing the Financing Gap: New Frontiers for DRM Financing in India

Background Paper for 16th Finance Commission

July 2025

WORLD BANK GROUP

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This background paper draws upon findings from two studies undertaken at the request of the 16th Finance Commission, namely,

(i) Disaster Risk Management Financing in India Review and

(ii) Extreme Weather Events and Their Economic Impact

Overview and Recommendations

1

The 16th Finance Commission (FC) inherited a disaster risk management (DRM) financing framework significantly transformed by the 15th FC. The implementation of the 15th FC's recommendations brought about major shifts and important incremental improvements, yet the persistent problem of resource insufficiency remained unresolved. The introduction of the disaster risk index (DRI)-based formula[1] increased overall allocations by 1.6 times while strategically redistributing larger shares to risk-prone small/ Himalayan/northeastern states, followed by larger but highly risk-prone states. State Disaster Response Fund (SDRF) utilization saw a 30% uptick from the last FC period, with over 90% of four out of six annual allocations fully deployed, i.e., over 90% of the FY 21-24 SDRF allocations have been utilized. However, utilization of the newly established Windows[2] was very low (<20%) across all categories, initiated only after year two of the FC period[3]. Reflecting India's federal structure, these aggregate trends mask state-level variation, driven by each state's unique disaster experiences and institutional DRM capacities.

Despite these advances, several states continue to grapple with resource insufficiencies to meet their response and recovery needs. In some cases, losses from a single disaster event have exceeded five times the state's entire six-year FC allocation. As many as 15 states have utilized as much as or more than their FY 21-24

1 The 15th FC introduced the Disaster Risk Index (DRI) to guide state-wise allocations of disaster management grants. The DRI ranks states by relative disaster risk, using a composite formula $R=(h\times v\times e)/c$, where hazard (h) reflects the probability of physical events, vulnerability (v) captures physical, social, economic, and environmental susceptibilities, exposure (e) reflects population density and per capita GDP, and capacity (c) denotes state disaster management capabilities (proxied by 70 institutional indicators).
2 The National and State Disaster Mitigation Funds (N/SDMFs) and the preparedness and recovery sub-windows of SDRF.
3 MHA (2022): Guidelines for the use of mitigation funds were issued in January 2022.

SDRF allocations, dipping into their unspent balances where available, and needed additional NDRF top-ups. The enduring nature of shortfalls cannot be attributed to the rising number of extreme weather events alone. Rather, it exposes a deeper structural issue: the framing of Disaster Management (DM) grants as the primary, if not sole, source for all DRM financing needs. This is not an explicit assumption, and successive FCs have indicated the need for innovative financial instruments over and above these grants. However, this agenda has had little traction beyond state-specific pilots on risk transfer instruments. Meaningfully addressing this insufficiency will also require confronting chronic underinvestment in resilience measures, which perpetuates the ongoing demand for National and State Disaster Response Fund (N/SDRF) resources. Further, the current N/SDMF allocations are a very small fraction of the country's resilience-building needs. A comparative figure for the full scale of needs may be the adaptation financing requirement, which has been estimated[4] to be ₹85.6 trillion (or ₹8,560,000 Cr.) for the period 2015-30. In comparison, 15th FC's allocation for mitigation was ₹45,724 Cr. for the period 2020-2026. To date, there are no scalable, sustainable models for financing the full scale of resilience-building measures from public or private sources.

The 16th FC may therefore need to tackle this 'insufficiency challenge' through a two-pronged strategy: first, by *recognizing and operationalizing the leveraging potential of existing DM grants to mobilize additional resources; and second, by enhancing efficiency in the management and deployment of current funds.* Capable, effective, and well-resourced DRM institutions are central to both action areas. Institutional quality determines the absorption of underutilized SDMF resources, removes market barriers, and informs public expenditure on resilience-building. The FC may consider enabling the development of DRM institutions as a cross-cutting measure across these two prongs.

1.1 Realize the leveraging potential of DM Grants

Some key approaches for leveraging DM Grants to mobilize additional resources can include: (i) enabling the use of SDRF for facilitating market based risk-financing such as for loan rebates for resilience building by home or asset owners, as seed capital/ credit enhancement for blended finance models, or subsidizing reinsurance premiums for government; (ii) utilizing SDMF funds for conducting feasibility studies, preparing detailed project reports, and other preparatory activities that improve project bankability of post-disaster assessments and resilience projects, and attract additional funding; and (iii) incentivizing states for the additional resources leveraged through these grants. These efforts can be further strengthened by allowing the use of these funds for individual-level incentives like property tax rebates for insured houses, interest rebates for businesses that adopt business continuity planning or resilience

4 MoEFCC (2022) India's long-term low-carbon development strategy. Government of India, quoting from 5. Department of Economic Affairs (DEA). 2020. Report of the Sub-Committee for the Assessment of the Financial Requirements for Implementing India's Nationally Determined Contribution (NDC).

building measures, as well as mainstreaming resilience into development schemes through structured top-ups with clear targets and result indicators. Examples include scheme-level co-financing for climate-resilient infrastructure where such integration is tied to institutional performance benchmarks, reinforcing the role of the State Disaster Management Authorities (SDMAs) in providing risk-informed planning tools and implementation monitoring.

1.2 Increase efficiencies for better utilization

For increasing efficiencies, it would help if the FC were to: (i) design a specialized financial mechanism or contingency facility to meet the exceptional funding needs arising from extreme weather disasters; (ii) facilitate removal of implementation bottlenecks such as cost norms asymmetries vis-a-vis allocation and delays with NDRF release; and (iii) enforce better utilization of unspent balances through interest generating investments or allow fungible access to unspent funds by states for post-disaster urgent needs, ensuring funds do not remain idle.

1.3 Invest in DRM Institutional Development

Actualizing the two approaches above will need some building blocks to be in place at the state and district levels such as, including but not limited to: (i) high resolution local level multi-hazard risk assessments (ii) asset registries; (iii) functional and SDMAs with geospatial laboratories, disaster mitigation disaster risk financing units and associated technical staffing; (iv) functional digital management information systems that monitor disbursements and outcomes; and (v) states may be encouraged to undertake fiscal risk assessments and development of their specific disaster risk financing strategies. The 16th FC may, then, need to earmark resources for the development of DRM institutions at different levels of governance.

The sections below provide an analytical basis informing the above recommendations.

2 Framing the 16th FC's DRM Agenda

Over the past 7 decades, FC recommendations on DRM have been marked by a legacy of incrementalism. DM Grants have evolved from ad hoc, relief-centric funding (Margin Money) to formula-based, institutionalized funds (CRF, NCCF, SDRF/NDRF)[5], and more recently, to risk-informed and diversified funding windows (NDRMF/SDRMF). This evolution has not only seen overall increases in allocations but also increasing institutionalized approaches to financing and an expansion of their scope (to more disaster types and beyond relief). Given this progression, the FCs have been uniquely influential in the evolution of DRM practice in India beyond their core mandate of financial devolution alone.

TABLE 1: Evolution of DRM Financing in India through Successive Finance Commissions

Time Period	1955-1990	1990-2010	2005-2010	2010-2020	2020-2025
DRM Financing Era	Ad-hoc Margin Money	Structured Relief Funds CRF/NCCF	DM Act Based Funds and Institutions	Operationalizing S/NDRF	Risk-Based, Diverse Funding Windows
Allocation Approach	Ad-hoc, reimbursement-based	Formulaic, based on past relief expenditure; State/center contributions			Risk Based (Exposure, Capacity, Hazards)
		Special case adjustments: e.g. additional 10% to six low-income states; NE and Himalayan states			

5 CRF: Calamity Relief Fund, NCCF: National Calamity Contingency Fund, SDRF: State Disaster Response Fund, NDRF: National Disaster Response Fund.

TABLE 1: Contd...

Time Period	1955-1990	1990-2010	2005-2010	2010-2020	2020-2025
Decentralization	Centralized, state requests to Centre	State contributions to funds (75:25/ 90:10) with different experiments on national top-up arrangements			
		-	Clearer administrative structures and guidelines as per DM Act, audits & reporting mechanisms		
Disaster Coverage	Initially largely drought-focused followed by growing recognition of distinction in slow and rapid onset events	Cyclone, earthquake, fire and hailstorm; Recognition of 'calamity of rare severity'	List of calamities extended to cover landslides, avalanches, cloud burst and peat attacks	10% allocation for local disasters in SDRF	COVID expenditures eligible for financing
Funding Windows	Single window: Relief/response	Two windows: CRF (routine), NCCF (top up in rare severity)	Two windows: SDRF (routine), NDRF (top up in rare severity)		SDRF, NDRF, SDMF, NDMF
DRM Allocation Growth	₹13.75 Cr. (1955–60) to ₹1,203.75 Cr. (1985–90)	CRF: ₹4,020 Cr. (1990–95) to ₹21,333 Cr. (2005–10)		₹33,580 (2010-2015) to ₹61216 Cr. (2015-2020) to ₹228,000 Cr.	

Although disaster-related fiscal pressures drove past FC recommendations, until the 15th FC, there was limited focus on the fundamental challenge of managing disaster risk itself or curbing the rising fiscal burden due to underinvestment in mitigation. As early as the 1950s, the 2nd FC[6] took note of the "the dislocation caused to the finances of many States by unforeseen expenditure on famine, droughts and floods" and introduced ex-ante allocations to cushion against such shocks. This is a unique feature of India's DRM financing, as few countries have pre-determined and predictable federal allocations at this scale and quantum. Over time, these allocations have grown alongside increasing disaster losses. Nonetheless, funding for disaster risk reduction has not increased proportionately. It took nearly 15 years after the Disaster Management Act mandated comprehensive disaster preparedness and mitigation for these funds to be fully operationalized through the 15th FC, providing a full expression of the objectives of the Disaster Management Act.

6 National Institute of Disaster Management (2009). Financing Disaster Management in India: A Study for the Thirteenth Finance Commission.

3 Experiences from the 15th FC Period

The 15th FC period (2020-2026) was marked by significant shifts, systemic improvements over previous years, and persistence of long-standing challenges such as funding shortfalls relative to actual needs; procedural complexities causing delays in accessing resources; and inefficiencies in fund utilization. Despite new funding windows, disaster risk management financing continues to be primarily focused on relief. This is not only because of the slow progress in operationalizing other windows, but also because of the implicit function and structure of the SDMF within the larger DRM financing framework. Some of these issues are discussed in detail below:

3.1 The Big Shifts

- **Increased corpus and shares of small, high-risk states:** The introduction of disaster risk index (DRI)-based allocations by the 15th FC substantially increased allocations for most states, with percentage increases in SDRF exceeding 100% in 15 out of 28 states (see Annex 1 below). The overall corpus increased by 162% while the SDRF alone increased by 109% from the 14th FC's allocations. The highest increases in allocations (>250% increase) were in Northeastern and Himalayan/Small states (Uttarakhand, Nagaland, Goa), which have significant risks, but low DRI ranks, owing to the special case adjustments in the formula. Large states with high DRI ranks (Bihar, U.P., Karnataka, Maharashtra, M.P.) received sizeable increases and high absolute allocations due to the approach combining DRI, capacity (past expenditure), and exposure (area and population). This approach showed redistributive outcomes; poorer, high-DRI states received higher per capita allocations than wealthier, low-DRI states.

- **Partial improvements in allocative efficiencies:** The new formula did not translate to over the board allocative efficiencies, and there were clear outliers. States with high opening balances from the 14th FC period (such as Uttar Pradesh) received significant increases because of high DRI rank and size but continued to have low utilization even in the 15th FC period. On the other hand, states with low opening balances, high risks, but low DRI ranks (Tamil Nadu, Himachal Pradesh, Assam, Sikkim) received the lowest increases (<60%) in allocations and faced a high frequency of disasters during this period. While the special case adjustments (11% additional allocation) boosted allocations to a few risk-prone states irrespective of the DRI ranks, utilization was below 50% for many, especially, Northeastern states. States like Kerala and Karnataka, despite moderate increases, had high utilization and high NDRF requests, potentially indicating under-allocation relative to need.

3.2 Systemic Improvements -State Disaster Response Funds

- **Rapid deployments through streamlined systems:** The experiences of operationalising the SDRF mechanisms over the years enabled rapid deployment of humanitarian assistance during the COVID-19 pandemic, where the fund was quickly disbursed and used for quarantine facilities, PPE distribution, and emergency health supplies. SDRF utilization during the COVID years (2020-22) alone accounted for 46% of the total SDRF allocation. Central releases of SDRF have been reported to be mostly timely and in full amounts. State shares of SDRF have also largely been budgeted each year, albeit with some delays or shortfalls in transferring them to the SDRF account. Many states have empowered State Disaster Management Authorities and State Executive Committees (SECs) to take a more proactive role in fund management, inter-departmental coordination, and crisis management, leading to faster decision-making and more effective fund deployment. States like Kerala, M.P., and Gujarat have established strong coordination systems and pre-authorization protocols, improving fund flow efficiency.

- **Incremental state-wise improvements and significant overall improvements in utilization of SDRF:** In aggregate, states have utilized over 90% of their FY21–24 SDRF allocations, and 67%[7] of the full six-year (FY21-26) SDRF envelope—a strong performance, given that one year of implementation remains. This is a considerable improvement over the 14th FC period's overall (5-year) utilization of about 66%. More states are now able to absorb a larger share of their allocations, with over 10 states recording SDRF utilization above 80% within the first four years. While this suggests better readiness for large-scale disbursement in response to disasters, gains remain uneven. FY21 was an outlier due to COVID-19-related adjustments. Overall SDRF utilization in FY22, FY23, and FY24 ranged from ₹14,000 (FY23) to ₹25,000 Cr. This points to a marked improvement in fund deployment capacity and timely drawdowns compared to previous cycles.

7 This is likely to be higher as it does not currently include West Bengal's SDRF expenditure data. The state faced high intensity disaster events during this period.

This is also a marked difference from other conditional and sector-specific grants to states by the FC, wherein absorption of grants can be as low as 50%[8]. However, the picture is not uniformly positive, with 7 states reporting less than 50% SDRF utilization. Other states, such as Karnataka and Kerala, have already exceeded their five-year envelopes, indicating significant exposure and constrained fiscal headroom in FY25.

3.3 Persisting Challenges - State & National Disaster Response Funds

- **Resource Insufficiencies:** Funding shortfalls have remained a persistent challenge across many states, as seen in previous FC periods, but are now exacerbated by the increasing frequency of extreme weather events, which present unique hazards and cause exceptionally high financial losses. Analysis of these five events revealed that:
  - **Losses from one EWE can far exceed a state's five-yearly SDRMF allocation.** Kerala's 2018 floods caused ₹26,720 Cr. in losses, with recovery needs exceeding ₹31,000 Cr – nearly five times the five-year allocation under the SDRF.[9]
  - **There are significant protection gaps,** with insured losses accounting for <6% of the total losses. Highly drought-prone areas are an exception to this, with high crop insurance coverage.[10] Uninsured losses exceeded combined SDRF & NDRF releases to these states by 7-16 times, revealing a persistent pattern of systemic underfunding. The quantum of uninsured losses across these five events ranged from ₹7,899 Cr. to ₹33,968 Cr.
  - **Infrastructure, housing, and agriculture sectors face the highest damages across all events**, varying with the nature of the hazard, while damages to roads, bridges, water supply, and electricity network are recurring impacts and account for the highest share of SDRF expenditures.[11]
  - There were over 53 requests for NDRF resources during 2020-24 from 19 states, amounting to 102,991 Cr. This is almost double the five-yearly NDRF allocation and only <18% of this amount requested, or 32% of the amount allocated to NDRF, was reported to be released to the states (see Annex 1).
- **Procedural complexities result in imbalances and delays in fund utilization.** Lack of digital integration, stringent norms, and shortages of dedicated, trained

8 NIPFP (2024) Finance Commission Grants: Conditionality, Absorption, & States' Fiscal Behaviour.

9 The five events analyzed include: 2018-19: Kerala – Floods and Heavy Rains; 2020-21: West Bengal – Cyclone Amphan; 2021-22: Rajasthan – Drought; 2023-24: Tamil Nadu – Cyclone Michaung and Floods; 2023-24: Himachal Pradesh – Flood, Cloudburst, and Landslide).

10 This exception is largely driven by high crop insurance penetration in Maharashtra, Rajasthan, and Madhya Pradesh, which together accounted for 83% of all applications under PMFBY and RWBCIS from 2019–20 to 2023–24. In Rajasthan, the five most drought-affected districts (Barmer, Churu, Hanumangarh, Jodhpur, and Bikaner) alone comprised nearly 40% of all applicants who received claim payouts under these schemes in this period. (MoAF&W, 2025).

11 Findings drawn from background analytics prepared under the World Bank's technical support to the Sixteenth Finance Commission: (i) Economic Impacts of Extreme Weather Events in India; and (ii) Disaster Risk Management Fund Utilization in India.

Rising Extreme Weather Events (EWEs)

Over the past decade, India has witnessed a dramatic rise in EWEs, a trend that reflects the intensifying impact of climate change on the subcontinent. The nature and geographic spread of these events have also evolved significantly. Floods and landslides, once largely confined to monsoon-affected states, are now increasingly affecting arid and semi-arid regions, while droughts have become more intense in states like Rajasthan, Maharashtra, and Karnataka. Rainfall extremes are increasingly short-duration but high-intensity. The 2023–24 monsoon season saw compounding events: Himachal Pradesh faced flash floods, landslides, and cloudbursts while Tamil Nadu faced Cyclone Michaung and related flooding. The frequency of severe cyclones in the Bay of Bengal and Arabian Sea has increased, with storms such as Cyclone Amphan (2020) and Cyclone Tauktae (2021) among the costliest and most destructive in India's history. At the same time, heatwaves have intensified, especially across northern and central India, with some regions recording temperatures exceeding 45°C for multiple consecutive days. According to the Centre for Science and Environment (CSE), India experienced EWEs on 93% of the days during the first nine months of 2024 alone-2022 saw similar devastation.

personnel to manage disaster fund disbursal, reporting, and project implementation collectively hinder the swift deployment of SDRMF resources. A recurring challenge reported by several states is the rigid eligibility criteria for SDRF expenditures that hinder several locally relevant disaster response activities from being financed, leading to delays or gaps in assistance.

- Only 32% of the overall NDRF allocation was released for calamities from 2021-24, despite large-scale insufficiencies. Several states attribute this to complex processes involving detailed memoranda, inspections, clarifications, and approvals.
- Time lags in ex gratia and disaster relief payments are common, with processing times ranging from 4 to 12 months, even in well-established, digitized systems.
- States like Punjab (₹6999 Cr.), Haryana (₹3172 Cr.), Jharkhand (₹1937 Cr.), Uttar Pradesh (₹1527 Cr.), Odisha (₹992 Cr.), and Chhattisgarh (₹492 Cr.) ended the 14th FC with large unspent balances.
- Unspent balances carried forward each year were also common during the 15th FC period in about half of the states, even while the other states exhausted their funds and sought additional financial support. By the end of 2024, states like Himachal Pradesh, Kerala, Sikkim, and Uttarakhand had relatively low SDRF balances since funds were largely utilized, whereas States like Punjab, Jharkhand, Haryana, Rajasthan, and Andhra Pradesh had large surpluses in SDRF.
- Several states also faced delays of 3–6 months in releasing their matching contributions, which impacted timely fund utilization.
- Balances in the SDRMF fund, at the end of the year, are required to be invested in any of the instruments: Central Government dated securities, auctioned treasury bills, interest-earning deposits, and certificates of deposits with Scheduled Commercial Banks as specified in the guidelines

notified by MHA, GoI. This is not undertaken consistently by most states, something that has been flagged by C&AG repeatedly.

- **Weak monitoring, transparency, and accountability mechanisms** undermine the effectiveness of the DRM financing. Most states lack robust management information systems or digital platforms to track fund flows, expenditures, and project progress in real time; submission of utilization certificates and financial reports is often delayed or incomplete. Data on the number of beneficiaries and outputs is largely lacking, and outcomes are rarely monitored.

These persisting implementation challenges are reinforcing the following outcomes of DRM financing:

- **Expenditure is largely relief-centric:** Despite the introduction of preparedness and recovery and reconstruction sub-windows, SDRF was primarily deployed for response and short-term restoration, with over 70% of expenditure typically directed toward immediate relief measures, including food, water, shelter, and debris clearance. Only ~2% of expenditures in high-usage states like Assam went towards preparedness activities. This was also true for NDRF expenditures.
- **Recovery is largely delayed or unmet:** Delays in access to resources as well as their disbursals are accumulating large unmet recovery needs in small and/or fiscally stressed states. While larger states mobilize their own resources to finance recovery, indirect losses are still largely unaddressed even in these states. Indirect losses from Cyclone Michaung in Tamil Nadu were about 2.65 times the direct damages. The state utilized 167%[12] of its SDRF financing for FY 24 and requested INR 4596 Cr. from NDRF for this event, while receiving only 10% of the amount. Further, NDRF use is strictly limited to post-disaster emergency relief and immediate rehabilitation, as outlined in the MHA norms.
- **Impacts on state fiscal health:** In the aftermath of major disasters, and in the absence of timely and adequate central support, States are compelled to draw upon their own resources and financing mechanisms to meet urgent recovery needs. This has significant implications for state-level fiscal health and underlines the importance of diversifying and leveraging funding sources. Kerala's response to the 2018 floods illustrates this. While the State received an advance ₹600 Cr in NDRF support in August 2018, the full sanctioned amount of ₹2,904.85 Cr. was disbursed only later in the financial year. Faced with immediate and large-scale recovery needs, the state mobilized an estimated ₹8,072 Cr. through multi-lateral development banks financed loans (from 2019-23),[13] issued ₹2,150 Cr. in Masala Bonds through KIIFB (listed in April 2019),[14] and received ₹4,970.29 Cr. into the Chief Minister's Disaster Response Fund (CMDRF),[15] significantly supported by remittances from the diaspora to

12 This is >100% due to utilization of previous unspent balances.
13 World Bank (2024): World Bank-Kerala Partnership Breaks New Ground in Mainstreaming Adaptation to Climate Change.
14 CAG (2020): State Finance Report Government of Kerala.
15 CMDRF – Kerala (2024): CMDRF Receipts & Allotments.

support its economic resilience. These measures enabled large-scale relief and response, and to a certain extent recovery and reconstruction, including resilient public infrastructure. For States with constrained fiscal headroom, repeated shocks may result in deferred development spending, higher borrowing, and growing fiscal strain. As disasters become more frequent and recovery needs expand, the capacity to finance post-disaster response through subnational resources may become increasingly uneven, amplifying fiscal and resilience disparities across states.

3.4 New Challenges – National and State Disaster Mitigation Funds

- **In contrast to SDRF, uptake under mitigation financing windows has remained extremely poor.** As of March 31, 2024, only 14% of the SDMF had been utilized, and just 12% of the INR 5,950 Cr. allocated under NDMF had been released. Several structural and procedural factors have contributed to this underperformance.
- **Delays in issuing operational guidelines for SDMFs** posed significant challenges. These were finalized only in June 2022, over a year after the funds were established, delaying the first cycle of implementation. Even after release, states noted the lack of specificity in the guidelines. Project eligibility criteria were framed broadly (e.g., "urban flooding," "landslides") without accompanying technical templates or costing norms, creating ambiguity and slowing proposal preparation.
- **SDMF similarly lacks provisions for convergence with other schemes, despite the cross-sectoral nature of mitigation investments,** such as resilient housing or slope stabilization. This structural isolation constrains scale, cost-effectiveness, and integration with broader development programs.
- **Limited institutional capacity within states further compounds these issues.** Many sectoral departments, particularly those outside the core DRM ecosystem (e.g., transport, power, agriculture), lack familiarity with mitigation financing norms or clarity on aligning sectoral objectives with risk reduction outcomes. Only a few states, such as Himachal Pradesh (with the Geological Survey of India) and Kerala (with the Centre for Water Resources Development and Management), have proactively partnered with technical agencies to develop proposals. In most others, weak SDMA staffing, limited sectoral engagement, and the absence of technical review mechanisms have constrained project pipeline development. In this context, institutional capacity and governance systems emerge as key enablers—or barriers—to effective fund utilization.
- **NDMF disbursements remained minimal**, with several new projects receiving approvals in 2024-25. No projects had been sanctioned under drought or seismic/landslide risk windows, despite states identifying these as priority areas. States noted that the NDMF utilization was also impacted by coordination complexities as NDMF resources are being operationalized through multi-state projects.

4 Way Forward

While continuing to implement 15th FC's vision, the 16th FC is well-positioned to drive a strategic shift from financing disaster relief alone to embedding risk reduction and resilience at the core of its mandate. This requires confronting critical structural questions about the role of FC's DM Grants. For example, are these grants intended to cover all disaster-related expenditures, or should they function as catalytic tools that leverage additional resources, incentivize risk reduction, build institutional capacities, and signal priorities?

Repeated experiences highlight insufficiencies in meeting disaster response needs despite increasing allocations. This challenge cannot be addressed solely by increasing SDRF allocations. Additionally, DM Grants may never be 'sufficient' under the current business-as-usual approach. The disaster risk mitigation agenda, too, cannot be accomplished through the SDMF allocations. These funds can play a demonstrative and leveraging function, creating processes and pipelines of projects that departments can scale up or mobilize market-based financing for.

The DRI-based methodology serves a broader purpose beyond ensuring equitable distribution of FC allocations. It can progressively shift DRM financing toward investments that reduce risk and lessen N/SDRF needs. In such a framing, effective governance and implementation of DM Grants is not just desirable but central to achieving the goal of the DRI-based allocations.

5 Annex: State-Wise Allocation, Utilization Figures and DRI Score

(Note: All figures in INR Cr.)

State	14th FC Period SDRF (2015-2020)		15th FC SDRMF (2020-2026)																	DRI Score
			Allocation (Full FC Period 2020-2026)							Utilisation (calculated at full allocation for FC period 2020-2026)					Utilisation SDRF (calculated at partial allocation 2020-2024)			NDRF (2020-2024)		
	Total SDRF Allocation	Total SDRF Utilisation % till 2020 *Without 13th FC Closing Balances*	Closing balance March 31, 2020	State Share	Total SDRMF (INR Cr.)	Total SDRF	SDMF	% increase in state allocation	% increase in SDRF	Utilisation of SDRMF (2020-24)	Utilisation of SDRF (2020-24)	Utilisation of SDMF (2020-24)	Utilisation % of SDRMF (2020-24)	Utilisation % of SDRF (2020-24)	Utilisation % of SDMF (2020-24)	Partial Allocation (2020-24)	Utilization % (2020-24)	NDRF Releases for Calamities *(not including preparedness and CB)*	NDRF Requested for Calamities	
Uttarakhand	1,158.00	50%	578.46	574.00	5,752.00	4,601.60	1,150.20	397%	297%	3,951.11	3,524.39	426.72	69%	77%	37%	3,375.20	104%	0.00	404.68	0.5
Nagaland	54.00	98%	0.86	26.00	254.00	203.20	50.60	370%	276%	298.26	269.84	28.42	117%	133%	56%	148.80	181%	108.65	139.40	0.5
Goa	20.00	UA	UA	20.00	83.00	66.40	16.60	315%	232%	UA	UA	UA	UA	UA	UA	49.60	UA	0.00	13.55	0.35
Bihar	2,591.00	100%	0.01	2,608.00	10,432.00	8,345.60	2,086.80	303%	222%	7,337.83	6,730.74	607.09	70%	81%	29%	5,894.40	114%	2,294.23	8,549.15	0.8
Uttar Pradesh	3,729.00	59%	1,527.00	3,561.00	14,246.00	11,396.80	2,849.60	282%	206%	4,959.40	4,822.88	136.52	35%	42%	5%	8,047.40	60%	0.00	802.24	0.75
Karnataka	1,528.00	100%	0.00	1,455.00	5,824.00	4,659.20	1,165.00	281%	205%	6,759.11	6,759.11	0.00	116%	145%	0%	3,291.20	205%	3,252.40	6,321.55	0.6
Andhra Pradesh	2,429.00	100%	0.00	2,056.00	8,239.00	6,591.20	1,647.60	239%	171%	3,999.73	3,999.19	0.54	49%	61%	0%	4,656.00	86%	1,065.33	4,447.35	0.65
Mizoram	93.00	92%	7.19	28.00	287.00	229.60	57.00	209%	147%	120.46	99.26	21.20	42%	43%	37%	168.80	59%	0.00	0.00	0.5
Meghalaya	133.00	75%	33.70	40.00	403.00	322.40	81.00	203%	142%	124.50	124.50	0.00	31%	39%	0%	236.80	53%	16.52	143.61	0.4
Maharashtra	8,196.00	100%	0.00	5,934.00	23,737.00	18,989.60	4,747.20	190%	132%	14,665.96	14,651.71	14.25	62%	77%	0%	13,412.00	109%	1,476.52	9,373.18	0.7
Odisha	4,130.00	76%	991.84	2,954.00	11,819.00	9,455.20	2,364.00	186%	129%	4,962.47	4,438.45	524.02	42%	47%	22%	6,677.60	66%	1,000.00	917.56	0.9
Madhya Pradesh	4,848.00	100%	0.00	3,352.00	13,411.00	10,728.80	2,681.80	177%	121%	8,593.29	7,360.98	1,232.31	64%	69%	46%	7,576.20	97%	2,492.28	3,820.82	0.6
West Bengal	2,854.00	68%	914.98	1,863.00	7,450.00	5,960.00	1,490.40	161%	109%	UA	UA	UA	UA	UA	UA	5,059.80	UA	2,600.41	42,123.86	0.75
Gujarat	3,893.00	91%	333.38	2,437.00	9,753.00	7,802.40	1,950.60	151%	100%	5,384.92	5,384.92	0.00	55%	69%	0%	5,510.40	98%	1,000.00	3,305.75	0.8
Tripura	171.00	33%	113.98	42.00	420.00	336.00	83.80	146%	96%	200.12	200.12	0.00	48%	60%	0%	245.60	81%	12.93	0.00	0.6
Manipur	106.00	38%	65.77	26.00	260.00	208.00	51.60	145%	96%	44.85	44.85	0.00	17%	22%	0%	152.00	30%	26.53	0.00	0.6
Chhattisgarh	1,329.00	63%	491.88	796.00	3,183.00	2,546.40	636.40	140%	92%	1,564.54	1,528.24	36.30	49%	60%	6%	1,798.40	85%	0.00	0.00	0.55

State	14th FC Period SDRF (2015-2020)		15th FC SDRMF (2020-2026)																NDRF (2020-2024)		DRI Score
			Allocation (Full FC Period 2020-2026)							Utilisation (calculated at full allocation for FC period 2020-2026)					Utilisation SDRF (calculated at partial allocation 2020-2024)						
	Total SDRF Allocation	Total SDRF Utilisation % till 2020 *Without 13th FC Closing Balances*	Closing balance March 31, 2020	State Share	Total SDRMF (INR Cr.)	Total SDRF	SDMF	% increase in state allocation	% increase in SDRF	Utilisation of SDRMF (2020-24)	Utilisation of SDRF (2020-24)	Utilisation of SDMF (2020-24)	Utilisation % of SDRMF (2020-24)	Utilisation % of SDRF (2020-24)	Utilisation % of SDMF (2020-24)	Partial Allocation (2020-24)	Utilization % (2020-24)	NDRF Releases for Calamities *(not including preparedness and CB)*	NDRF Requested for Calamities	
Kerala	1,021.00	46%	551.61	578.00	2,316.00	1,852.80	463.40	127%	81%	1,879.84	1,871.47	8.37	81%	101%	2%	1,308.00	143%	0.00	0.00	0.55
Telangana	1,514.00	98%	25.67	827.00	3,310.00	2,648.00	662.20	119%	75%	1,621.83	1,621.83	0.00	49%	61%	0%	1,869.60	87%	0.00	698.87	0.45
Haryana	1,699.00	*	3,172.72	904.00	3,619.00	2,895.20	723.80	113%	70%	1,154.18	1,154.18	0.00	32%	40%	0%	2,044.80	56%	0.00	0.00	0.45
Jharkhand	2,010.00	4%	1,936.99	1,044.00	4,182.00	3,345.60	836.00	108%	66%	2,250.84	2,250.84	0.00	54%	67%	0%	2,362.40	95%	200.00	0.00	0.6
Tamil Nadu	3,751.00	100%	0.00	1,879.00	7,516.00	6,012.80	1,503.20	100%	60%	5,347.99	4,790.39	557.60	71%	80%	37%	4,246.40	113%	853.27	8,080.24	0.55
Himachal Pradesh	1,304.00	100%	0.00	250.00	2,508.00	2,006.40	501.80	92%	54%	1,892.11	1,749.58	142.53	75%	87%	28%	1,472.00	119%	1,004.41	5,900.79	0.45
Assam	2,541.00	71%	725.23	474.00	4,742.00	3,793.60	948.80	87%	49%	3,137.164	3,137.16	0.00	66%	83%	0%	2,780.80	113%	290.37	5,156.22	0.7
Sikkim	172.00	84%	27.96	31.00	310.00	248.00	61.80	80%	44%	433.22	422.54	10.68	140%	170%	17%	181.60	233%	210.98	1,242.48	0.4
Rajasthan	6,093.00	66%	2,096.22	2,727.00	10,913.00	8,730.40	2,182.60	79%	43%	7,446.16	6,770.22	675.94	68%	78%	31%	6,166.40	110%	82.11	757.00	0.55
Punjab	2,153.00	*	6,999.47	912.00	3,648.00	2,918.40	729.60	69%	36%	1,848.36	1,848.36	0.00	51%	63%	0%	2,060.80	90%	0.00	0.00	0.45
Total *(for all States)*	**61,216.00**	**66%**	**20,594.92**	**37,552**	**160,153**	**128,122.40**	**32,031**	**162%**	**109%**	**90,102.2**	**85,679.74**	**4,422.49**	**56%**	**67%**	**14%**	**91,694.60**	**93%**	**18,046.28**	**102,991.00**	

Sources:

- All allocation data is from Finance Commission Recommendation reports
- Utilization and closing balance data is from CAG State Appropriation and Finance Accounts Reports
- NDRF Release for Calamities is from Lok Sabha, Unstarred Q. 288
- NDRF Request for Calamities is from Rajya Sabha Unstarred Q. 240

Notes:

- UA: Unavailable – Data for Goa and West Bengal was not available in the CAG reports.
- * Haryana and Punjab have had high unspent balances through successive FC periods, hence it is hard to estimate their 14th FC allocations on the basis of closing balances on March 31, 2020 alone.
- This data may be considered indicative of trends as it currently masks unspent balances through the FC periods as well as annually accrued balances and interest earnings. This is the reason behind utilisation numbers for 1some states being higher than 100% of their annual and/or overall allocations.
- The utilization data presented here is primarily sourced from the CAG State Appropriation and Finance Accounts reports. As part of the analysis informing this note, deep dives were conducted in six states – Assam, Gujarat, Kerala, MP, Uttarakhand, and Meghalaya. These states also provided utilization data, which resulted in a difference of INR -1,588.95 Cr. between the total utilization data included here and what was reported by the states. Notably, there is a difference of INR -1,172.68 Cr. between the figures reported by the state of Uttarakhand and those mentioned in their CAG reports. State SDRF for 2023-24 found to be higher in the State Deep-dive, than what is accounted for in the CAG report (taken as INR 955.53)

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