

**PRESS INFORMATION BUREAU
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Taking note of the severe flood situation, the Central Government releases funds to the States of Andhra Pradesh & Tamil Nadu to augment their liquidity position

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The Central Government, taking note of the severe flood situation in the States of Tamil Nadu and Andhra Pradesh took immediate steps to release funds to the two States to augment their liquidity position. The Chief Minister of Tamil Nadu had earlier sent a letter enclosing a detailed memorandum on the damages from the recent floods. A letter has also been received from the Chief Minister of Andhra Pradesh seeking central assistance in connection with flood damage. The Government of India is deputing a team of the Central Government officials to Tamil Nadu on 26th November 2015 to make a first-hand assessment of the damage. A Central team will also be sent to State of Andhra Pradesh as soon as its memorandum is received. Further assistance, if any, beyond the SDRF available to the States will be decided by the Central Government after examining the assessment made by the Central Team.

The framework for financial assistance in the case of natural disasters is based on the recommendations of successive Finance Commissions. Under the present framework, every State has a State Disaster Relief Fund (SDRF). 75% of the resources in this fund are provided by the Central Government each year in two installments, and the balance of 25% is provided by the State Government. If a disaster is of a magnitude which cannot be met from the SDRF, then States may make claims from the National Disaster Relief Fund (NDRF). Release of resources from the NDRF for floods is based on an assessment made by the Central Government, the Ministry of Home Affairs being the lead Ministry.

In 2014-15, Andhra Pradesh was given both its installments of Central contribution to the SDRF totaling Rs. 230.85 crore. For the year 2015-16, in

respect of Andhra Pradesh, both installments of central funding for SDRF of Rs. 330 crore had been released earlier (in May and October 2015).

In the case of Tamil Nadu, second installment of Rs. 133 crore for the year 2014-15 which remained to be released earlier was immediately released on 23.11.2015. Further, Tamil Nadu is entitled to central funding of Rs. 509.25 crore under SDRF for the year 2015-16. First installment to Tamil Nadu was released earlier whereas second and final installment which was due was released on 23.11.2015. Besides, Rs. 552 crore was released to Tamil Nadu from the Demand No.37 of the Department of Expenditure, Ministry of Finance in consultation with the NITI Aayog. As such a total of Rs.939 crore was released by the Union Government to the State of Tamil Nadu.

The entire SDRF share for the year 2015-16 amounting to Rs. 330 crore for Andhra Pradesh had been released earlier. However, to augment the State Fund, a sum of Rs. 700 crore was released on 23.11.2015 as part of certain commitments made to Andhra Pradesh consequent on the re-organisation of the erstwhile composite State.

Thus, the Union Government, pending the visit of Central Team to assess flood damage and taking further decision if any to assist the States from NDRF, released the above mentioned fund to provide liquidity to the States.
