

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

STARRED QUESTION NO:291
ANSWERED ON:13.12.2005
FINANCIAL ASSISTANCE UNDER KVIC
Thummar Shri Virjibhai

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a): whether the conditions stipulated to provide financial assistance by Khadi and Village Industries Commission (KVIC) to eligible entrepreneurs are being strictly implemented;
- (b): if not, the number of complaints received by the Government in this regard during the last three years for the violation of these conditions;
- (c): the action taken by the Government in this regard;
- (d): whether any mechanism is available with KVIC to enforce the conditions stipulated for the sanctioning of such financial assistance;
- (e): if so, the reasons for the violation of stipulated conditions; and
- (f): the steps taken/proposed to be taken to further strengthen the mechanism?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(f): A statement is placed on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 291 TO BE ANSWERED ON 13.12.2005

(a): The Rural Employment Generation Programme (REGP) is implemented by the Khadi and Village Industries Commission (KVIC) with due regard to the conditions stipulated for providing financial assistance to eligible applicants.

(b)&(c): However, 241 cases of releasing margin money assistance to ineligible applicants under the REGP during the last three years (2002-03 to 2004-05) have been received. The KVIC has taken action to recover the margin money assistance released in these cases. (d)to(f): In order to ensure that the assistance due under REGP is available to only eligible applicants, field offices of the KVIC or the State/UT Khadi and Village Industries Board concerned scrutinize the proposals of applicants before forwarding them to the banks for sanction of loan. In addition, the financial (margin money) assistance provided by the KVIC is kept in the relevant financing branch of the bank as a fixed deposit in the name of each beneficiary for a period of two years. This amount is credited to the loan account of the beneficiary only after verification of establishment of the unit.