

**GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:2663
ANSWERED ON:17.03.2006
SIPHONING OFF WATERSHED PROGRAMMES FUNDS BY NGOs
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Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether the audit of the funds spent by the Non-Governmental Organisations (NGOs) on various watershed programmes is conducted;
- (b) if so, the details thereof ;
- (c) whether the funds granted by the Government to NGOs for watershed programmes have been siphoned off during the last three years and thereafter;
- (d) if so, the details thereof alongwith the action taken in this regard;
- (e) whether any steps have been taken/ being taken to obviate instances of siphoning off funds by NGOs; and
- (f) if so, the details thereof?

Answer

MINISTER OF RURAL DEVELOPMENT (DR. RAGHUVANSH PRASAD SINGH)

(a) & (b) The Ministry of Rural Development implements the Watershed Development projects under the Integrated Wastelands Development Programme (IWDP) and through CAPART.

Funds under the Integrated Wastelands Development Programme are released to DRDAs for implementation of projects through Panchayati Raj Institutions (PRIs) under Hariyali Guidelines with effect from 01.04.2003.

CAPART releases funds directly to NGOs. While no specific audit of funds released to NGOs is being conducted by the Council for Advancement of People's Action and Rural Technology (CAPART) directly in respect of funds released to the NGOs under Watershed scheme, yet, CAPART do have a system of monitoring and evaluation of the project proposals received from NGOs. However, CAPART also call for an audited statement of accounts from each NGO for each and every financial year.

(c) & (d) No such instance has come to the notice of CAPART in respect of funds released to the NGOs under its Watershed programme.

(e) & (f) CAPART have taken a series of steps to obviate instances of siphoning off funds by NGOs, some of which are indicated below:-

- i. At the time of receiving the proposals organisations are being made to send true attested copy of the Registration Certificate, Memorandum of Association (MOA) and Bye-laws relating to the society, annual reports and audited statement of accounts.
- ii. Resolution of the Executive Committee/Managing Body of the society obtained to ensure that all the office bearers of the society are aware of the project proposals.
- iii. Particulars of amendments made in the MOA and Bye-laws relating to the society and its ratification by the registration authorities obtained.
- iv. Photographs of the office bearers insisted at the time of submission of project proposals to bring moral pressure on the members in the implementation of the projects given to them.
- v. Compliance of the laid down requirements, organisation strength, viability of the project proposals, etc are thoroughly desk-appraised before ordering for pre- funding.
- vi. Pre-funding appraisal made mandatory and detailed information obtained by prescribing format for reporting, etc.
- vii. Subject matter specialists deputed for appraisal of projects. Monitors are being instructed to hold consultation with the office bearers of the organisation, beneficiaries, panchayat functionaries, line department officials and banks wherever required to have a

complete feedback on the functioning of the organisation, their reputation, rapport enjoyed with the beneficiaries, etc.

viii. State Government/District Administration/Panchayat consulted wherever required to avoid duplication.

ix. Sanction orders are endorsed to the respective peoples representatives (MP, MLA and Panchayat representatives) in addition to the District Collector/State Government.

x. Information on sanction, etc are put on the website and published in the CAPART newsletter.

xi. Beneficiary selection, etc to be finalised in consultation with the Gram Sabha.

xii. Progress reporting format prescribed to obtain progress reports with regard to the implementation of the projects periodically to monitor the progress.

xiii. As a part of transparency grant recipient organisations have been instructed to exhibit the particulars of the project / funding source at the project sites.

xiv. Mid-term evaluation ordered based on the progress made and compliance obtained on observations. Mid-term corrections suggested, if any, examined on merit and considered/rejected.

xv. Utilisation certificate obtained for every release.

xvi. Audited statement of accounts called for each and every financial year.

xvii. Consolidated audited accounts are obtained for the grants made available with relevant break-up indicating the local contributions mobilised.

xviii. On obtaining completion report along with the audited statement of accounts for the grant released post-evaluation ordered.

xix. Based on the post-evaluation findings and examination of the audited statement of accounts projects sanctioned are closed and organisations informed.

xx. Legal action is initiated against the voluntary organization for misutilisation/ misappropriation of funds by registering FIRs with the local Police.