

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

UNSTARRED QUESTION NO:1027
ANSWERED ON:28.11.2006
MONITORING MECHANISM FOR GRANTS
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Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a): whether Khadi and Village Industries Commission (KVIC) has proper mechanism to ensure that the major grants and loans etc. are not misused;
- (b): if so, the details of such mechanism to check misappropriation;
- (c): the number of cases of misappropriation noticed during last two years;
- (d): if so, whether any enquiries have been conducted in this regard; and
- (e): if so, the result thereof?

Answer

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

(a)&(b): An integrated audit system is in vogue in the Khadi and Village Industries Commission (KVIC) to ensure that the assistance provided to the implementing agencies is not misutilised by its implementing agencies. The integrated audit system has been entrusted with the duties and responsibilities, inter alia,

(i) to verify the matters related to Khadi certification which covers the procurement of raw material, its processing, payment of wages, costing, etc.;

(ii) to ensure utilization of funds released are properly utilized for the purpose for which it was sanctioned in terms of guidelines issued;

(iii) to conduct spot audit for checking the veracity of rebate claims in order to ensure that the rebate provided under khadi is not misappropriated.

(iv) KVIC is implementing Rural Employment Generation Programme

(REGP) in conjunction with Public Sector Scheduled Commercial Banks. Under this programme, pre inspection of project site, joint physical verification of project after set up along with banks, regular review meetings with banks etc., are arranged in order to ensure correct utilisation of funds provided under REGP.

(c): No cases of misappropriation of grants and loans were reported during the last two years. In a few cases where violation of Certification Rules were noticed, actions like cancellation of certificates were initiated. During the last three years, 1107 audits were conducted and Khadi Certificates were cancelled in 97 cases where violation of Khadi Certification Rules were noticed. Similarly, under REGP also, no misappropriation was reported in loans sanctioned by banks under this programme. However, sporadic cases of excess payment of margin money were reported and in such cases recoveries of excess amount were effected. In the case of REGP, banks financing 36 cases of ineligible entrepreneurs were reported during the last three years and also 30 cases of recoveries of margin money were already effected.

(d) & (e): Do not arise.