

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:4098
ANSWERED ON:22.04.2008
NORMS FOR ASSISTANCE BY KVIC
Reddy Shri Karunakara G.

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES 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 each of the last three years for 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 not, the reasons therefor; and
- (f) if so, the steps taken/proposed to be taken to further strengthen the mechanism?

Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

- (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): Two complaints during the year 2006-07 and one complaint during the year 2007-08 have been received by KVIC regarding irregularities and misutilisation of margin money assistance which are under examination in KVIC.
- (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/Union Territory Khadi and Village Industries Boards concerned scrutinise 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 with 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.