

**GOVERNMENT OF INDIA
TEXTILES
LOK SABHA**

UNSTARRED QUESTION NO:1934
ANSWERED ON:05.08.2010
MISUSE OF FUNDS BY NGO
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Will the Minister of TEXTILES be pleased to state:

- (a) whether there is any proper machinery in place with the Government to find out the misuse of funds by the Non-Governmental Organizations (NGOs) implementing Handloom and Handicrafts scheme;
- (b) if not, whether due to absence of any such machinery, no such instance has come to the notice of the Government indicating misuse the funds by these NGOs; and
- (c) the remedial measures taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SMT. PANABAAGA LAKSHMI)

(a): Yes, Madam, a mechanism has been put in place to ensure that Non-Governmental Organisations (NGOs) implementing handicrafts schemes do not misuse the funds. In the handloom sector also, the funds have been released to the NGOs through the State Governments as per guidelines of the scheme and as recommended by the concerned State Government through their State Level Project Committee (SLPC).

(b) : Does not arise.

(c) : The remedial measures taken by the Government in this regard include:

The competence of the NGO as well as the proposals of NGO are scrutinized and ascertained at the application stage and at the field level itself.

There is an elaborate grading system through which the capacity and capability of the NGO is ascertained by awarding a score against different identified performance parameters. A cut-off grade has also been prescribed to ensure that only capable NGOs are short listed as implementing partners for different schemes. While assessing their capability, their past performance, infrastructure, technical expertise and financial position are also taken into account.

There are standing instructions to the field functionaries making them responsible for physical inspection of the activity under implementation and to ensure not only proper utilisation of the funds released but also for arranging scrutiny of their utilization certificates and other related documents.

To ensure compliance with the guidelines and standing instructions by the implementing agencies / NGOs, no reimbursement proposals is considered unless it is accompanied with field inspection reports by the Assistant Director.

Besides, additional checks have also been introduced to ensure proper utilisation of grants by the NGOs. As an example, each applicant NGO under the Marketing Support Scheme & Design and Technology Upgradation Scheme is expected to disclose the list of artisans in advance at the stage initial proposals itself. This arrangement ensures that the NGO really caters to the pre-identified artisans who shall receive prescribed benefits under the Schemes.

The State Governments are also expected to keep a watch on the implementation of the schemes and utilisation of funds by the NGOs for handloom Sector projects.