

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

UNSTARRED QUESTION NO:65
ANSWERED ON:09.11.2010
MISUTILISATION OF FUNDS FOR KVIC SCHEMES
Mahendrasinh Shri Chauhan ;Rama Devi Smt.

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has received any complaints regarding irregularities and misuse of funds under the schemes of the Khadi and Village Industries Commission (KVIC);
- (b) if so, the details thereof, the total number of such complaints received and the action taken against the erring officials during each of the last three years and the current year, State-wise; and
- (c) the steps taken by the Government to check such cases in future?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a) & (b): Khadi and Village Industries Commission (KVIC) have reported that no specific complaints have been received regarding irregularities and misuse of funds under their schemes in the recent years. KVIC has an internal system in place to audit/review the utilization of funds by khadi institutions and in case any irregularities/violation of rules are detected, it can initiate action against the institution including cancellation of khadi certificate/initiation of recovery. No such complaints have been received by the Ministry except the allegation against one khadi institution regarding the genuineness of khadi produced.

A three member committee has been constituted to ascertain the facts.

(c): Coming to the steps taken to check such cases, following is the position:

(i) Khadi programme is implemented by khadi institutions, which are registered independent agencies. As per the Bye-laws adopted by these Institutions, they have to abide by the Khadi Certification Rules. Violation of any Rule of these Certification Rules, is considered as irregularity and renders the khadi certificate of the institution liable to cancellation.

(ii) To verify the adherence of various conditions in Khadi Certification Rules and other related issues, an integrated audit system is in vogue in KVIC, which ensures that the assistance provided to the implementing agencies is not misutilised and the provisions made in the Khadi Certification Rules are strictly adhered to by the implementing agencies.

(iii) Internal control mechanism has been put in place by KVIC to ensure regular monitoring of funds released to Institutions and annual internal audits are conducted to ensure that funds released are utilised for the specific purpose for which the same have been released. If any misutilisation is reported, recoveries are effected, following due procedure.

(iv) In every field office of KVIC, a vigilance mechanism has been put in place, in addition to the audit conducted by the officers deputed by the Comptroller and Auditor General of India. Strict action is instituted whenever irregularities are reported.

(v) Khadi and Village Industries Commission Act, (Section 19-B) also stipulates that any sum payable to the Commission under any agreement expressed or implied, or otherwise howsoever, may be recovered from the khadi institutions in the manner as arrears of land revenue.