



*Consumer Welfare Fund
Guidelines
2014*

*Department of Consumer Affairs
Ministry of Consumer Affairs Food and Public
Distribution
Government of India*

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REVISED GUIDELINES FOR SEEKING FINANCIAL ASSISTANCE FROM CONSUMER WELFARE FUND

SECTION I

INTRODUCTION

The Central Excise and Salt Act, 1944 (I of 1944) was amended in 1991 to enable the Central Government to create the Consumer Welfare Fund where the money that is not refundable to the manufacturers etc. shall be credited. The money credited to the Fund is to be utilized by the Central Govt. (Department of Consumer Welfare) for the welfare of the consumers in accordance with the Rules framed.

The Fund has been set up by the Department of Revenue and, is being operated by the Ministry of Consumer Affairs, Food & Public Distribution, Department of Consumer Affairs.

The Consumer Welfare Fund Rules were framed and notified in the Gazette of India in 1992.

Under the Rules, a Standing Committee has been constituted to make recommendations for proper utilization of the money credited to the Consumer Welfare Fund for the welfare of consumers.

SECTION-II

Objective

The overall objective of the Consumer Welfare Fund is to provide financial assistance to promote and protect the welfare of the consumers and strengthen the consumer movement in the country.

SECTION III

Policy governing the disbursement of grants under CWF

Consumer awareness projects having wider coverage and adopting best international practices seem to have a more visible and lasting impact. Hence projects with national, multi-state and pan-Indian coverage with innovative ideas will receive priority for funding from CWF. Also in a country like India there is huge disparity between rural and urban

consumers. Hence the focus of the Government will be more on rural and disadvantaged consumers and schemes to protect them.

In order to promote consumer movement throughout the country, funds will also be given from the Central CWF to the States/UTs to set up the State Consumer Welfare Fund to provide coverage to projects of local relevance. The States can take over smaller projects through State agencies or local VCOs. State CWF will have a Central & State share in prescribed proportions. Out of the State CWF, State Govt. can take up projects that they think are of local relevance. Monitoring will also be done by the State Govt.

Funds will be given as seed money as one time grant on 50:50 basis (75:25 in the case of Special Category States / UTs), according to a formula based on number of districts in a State. The State/UT Government to become eligible to receive the one time grant should deposit their share in a non-plan, non-lapsable public account. State/UT Government may draw up their own guidelines for administering the Fund, which should not be inconsistent with the Central guidelines. State Governments will identify a nodal agency/officer in the State to run the Scheme. State Governments will provide a statement showing details of disbursement of money, recipients, and purpose from State CWF annually to the Central Govt.

Efforts will be made to replenish the Central Consumer Welfare Fund by tapping on CSR funds earmarked by Companies.

SECTION – IV

PURPOSE

The financial assistance will be given mainly for following purposes: –

- Innovative projects for spreading consumer literacy and awareness and programmes for consumer education;
- Setting up facilities for training and research in consumer education and related matters on national/ regional basis;
- Projects relating to the rural consumers and their empowerment;
- consumer clubs in schools/colleges/Universities
- Setting up of Consumer Guidance Bureau at the State/ region level for Consumer counseling/ guidance;
- Setting up of Product Testing Laboratories and/ or undertaking product testing for quality assurance of safety.
- Creation of chairs / centres of excellence in institutions/universities of repute, to foster research teaching and training on consumer related issues.

- Funding States/UTs to establish the Consumer Welfare Fund at the State level, through co-contribution.;
- Making available grant recommended by Bureau of Indian Standards for activities relating to standard marks, which may be considered essential by the Central Government, for the welfare of the Consumers;
- Meeting expenses on advocacy and class action suits;
- **Annual National award for best VCO, Consumer activists**
- Projects not covered by the above, but which in the opinion of Standing Committee, address pressing social problems and maximize consumer welfare. In such cases the Committee will record reasons in writing.

SECTION-V

Eligibility

- Any agency /organization engaged in consumer welfare activities for at least a period of five years after registration under the Companies Act, 1956, Societies Registration Act, Cooperative Societies Act or any other law for the time being in force,
- With duly audited accounts for the three years preceding the year when its proposal is under the consideration of the Standing Committee.

Note – 1: – Preference will be given to:–

(a) Organizations having an all India character and having reputation, capacity, experience, skilled staff and standing, AND

(b) Organizations working for empowerment of rural consumers and having larger participation of women and socially marginalized segments.

AND

c) Projects which are innovative, and focus on institutionalizing arrangements and is likely to have lasting impact for consumer welfare

- An Industry or an Association of Industries as defined under Industrial Disputes Act 1947 which has been engaged in viable and fruitful research activities for a period of 10 years, which has made or is likely

- to make significant contribution in formulation of standard mark of products of mass consumption.
- Central and State Govt. Departments/ Organizations/ Undertakings /consumers.
 - Consumer Organisations for taking up Class action suits instituted to pursue common interest of consumers or a group of consumers against providers of goods or services.
 - Proposals which have a national level outreach and impact, and are innovative in raising consumer empowerment/awareness and are replicable.

SECTION –VI

ITEMS THAT QUALIFY FOR ASSISTANCE

Recurring and Non-recurring expenses will be decided as per the individual Schemes. However generally the following items may qualify for assistance:-

- Purchase of hardware/ soft ware /equipments/ internet services/ (for activities other than short duration studies);
- Purchase of minimum furniture (for activity other than short duration studies);
- Charges for delivery of services;
- Other charges as may be considered necessary by the Standing Committee for the proper running of the programme/ project ;
- In special circumstances, Construction / purchase of office space or building by the Central/State / PSU. This will be subject to the conditions that the State Government/PSU as the case may be will share a part of the cost either by providing land for the building free of cost or meeting 30% of the cost of the building. However the Standing Committee may decide the quantum of assistance of fund needed on a case to case basis.
- Grants in aid towards administrative expenditure will not be allowed to VCOs.

This condition will not be applicable in the case of proposals for setting up Chairs and Centres of excellence in Indian Universities, National Law Colleges, IIMs and IITs etc.

SECTION- VII

Extent of Assistance

The quantum of assistance for a project shall normally not exceed Rs.3 crores. However the Standing Committee may sanction higher amounts in exceptional circumstances for reasons to be recorded in writing for such an exception.

A grantee shall ordinarily be required to meet 25 % of the cost of the project through its own resources of which at least 15% will be in cash. However, the Standing Committee may for reasons to be recorded in writing, waive this condition partially or wholly.

Assistance will normally be for three years and in rare cases extendable by one or two more years, where after it will be expected to have become self-sustaining. It shall be the responsibility of project holder to arrange for the running and maintenance of the project after cessation of assistance from CWF.

The project proposal should invariably indicate how the Organisation proposes to run the project activities in the post grant period and source of income.

No assistance will be given to proposals coming from States that are given Corpus Fund to set up State Consumer Welfare Fund unless the project focus has a national /regional level outreach.

SECTION-VIII

PROCEDURE FOR APPLYING FOR FINANCIAL ASSISTANCE

Calls for proposals seeking financial assistance from the Consumer Welfare Fund shall be made twice a year usually in the months of January & July. Appropriate Notice of inviting proposals will be issued and published in the Department web site indicating terms and conditions that would apply.

Joint Secretary
Department of Consumer Affairs
Krishi Bhawan, New Delhi-110 001

The application should be in the format prescribed, (form AI) complete in all respects and should include all details/be accompanied by all documents listed in the checklist at Annexure I

An application need not be routed through the State Government unless otherwise prescribed under individual Schemes. However the Department of Consumer Affairs may refer the applications as and when necessary to the concerned State/UT government for report on the competence/ credentials of the applicant and a content to monitor the project.

SECTION-IX

PROCEDURE FOR SCRUTINY AND APPROVAL OF PROPOSALS.

All applications received shall be scrutinized by an Assessment Cell in the Department, where each of the proposals received will be scrutinized before placing them for short listing by the Appraisal Committee and thereafter by the Standing Committee for approval. Time frame for action shall be as listed at Annexure II

Project Appraisal:-

There shall be an Appraisal Committee consisting of :-

- 1. Joint Secretary, Department of Consumer Affairs**
- 2. Dir/DS, Finance, Dept. of Consumer Affairs.**
- 3. Nominee of Chairman Central Board for Excise & Custom.**
- 4. Director (CWF)-Member Secretary**

The Appraisal Committee will appraise the project for its technical feasibility, financial sustainability in post grant period and also on the benefits that accrues to consumers. The committee will co-opt such expert/s as may be required depending upon the nature of the project. Whenever necessary, the applicant will be asked to make a presentation before the Appraisal Committee.

The Committee will specifically indicate the merits of the proposals recommended.

Rejection of project proposals

A proposal may be rejected ab-intio if found incomplete, or at the appraisal or final stage.

While rejecting the project proposals, DEPARTMENT will mention the

reasons for rejection clearly in the rejection letter. The reasons of rejection may be broadly illustrated as under and would be communicated to the applicant formally within 15 days of the submission of the proposal if found prima-facie incomplete /not meeting the objectives of the CWF. The proposal may also subsequently be rejected during appraisal or by the standing committee: –

- i) Non-fulfillment of the eligibility criteria
- ii) Non/incomplete submission of any of the requisite documents.
- iii) Non-compliance with any other requirements prescribed in the guidelines.
- iv) The organization is under Further Assistance Stopped (FAS) category or has been Blacklisted in any other case.
- v) Having more than two ongoing projects at a time /otherwise having capacity constraints.

[Note: – Ordinarily, a VCO should not have more than two ongoing projects under implementation with funding by the Department on the date of application. Furthermore the ongoing projects should show measurable progress.

- vi) Bye-laws/Objective of the organization not covering consumer welfare /protection activities.
- vii) Non-Compliance with suggestions and non-furnishing of clarifications even after waiting for 15 days after the issue of 2nd reminder. (Reminders shall be sent by Registered A.D.Post)
- viii) Project lacking integration or innovation and being of a stereotyped nature.
- ix) Proposal is mere duplication.
- x) The organization posing the project proposal being family based.
- xi) An ongoing inquiry against the organisation in any complaint case, which enquiry is likely to take time to complete. (Note :- in such cases a decision may be deferred till completion of enquiry).
- xii) Project not found technically/economically viable or not meeting stated objectives.

- xiii) Organization is in the nature of contracting project and delegating more than 25% actual work to other agencies.
- xiv) Unfavorable report from the district magistrate/State Govt.
- xv) Unfavorable Report from Internal Audit/Audit on the ongoing Projects either funded by this Department or any other Department
- xvi) Organisation has no experience in the related field nor any resources to implement the projects.
- xvii) Double dipping (or Forum hunting) i.e. receiving funds for the same purpose from more than one Government Agency will be treated as a disqualification.
- xviii) Failure to comply with terms and conditions in an existing project or in protecting govt. interests and property.
- xix) Complaints against the organization or its functionaries regarding violation of laws and defrauding the government.

A certificate from the beneficiary institution that it has not availed of funds from other agency for the project under consideration or a substantially similar project in scope and extent will be obtained during the appraisal process.

SECTION-X

TERMS & CONDITIONS:-

1. Before the grant is released the members of the executive committee of the grantee should execute a bond binding themselves jointly and severally to:-

- (a) abide by the conditions of the grants in aid by target dates, if any, specified therein
- b) not to divert the grants or entrust execution of the scheme or work concerned to another institution(s) or organization(s).
- c) **abide by all other** conditions specified in the agreement governing the grants in aid.

In the event of grantee failing to comply with the conditions or committing breach of the bond, the signatories to the bond shall be jointly and individually liable to refund to the President of India the whole or part of the grant with interest accrued thereon at prevailing Bank rate (which is at present 10% per annum) or the sums specified under the bond. The stamp duty for this Bond shall be borne by the Government.

(In cases like grants to autonomous bodies, where such a bond is not found feasible or on due consideration the sanctioning authority decides not to insist on a bond then it would be necessary to work out alternative arrangements for ensuring that the interest of the Department are effectively safeguarded)

2. Proper and separate books of accounts shall be maintained in respect of the project and a Chartered Accountant will audit the same every year for the period ending March 31. The audited Receipt & Payment accounts, Income & Expenditure Account and Balance sheet for the said period along with the Auditor's certificate and report shall be sent to the Department by June 30th every year.

3. The Fund allocated should strictly be used for the purpose intended and shall in no way be diverted for any other purpose.

4. Quarterly progress reports of the progress/ implementation should be submitted to the Department. Grantee Institution is required to submit the performance-cum achievement reports within 3 months after the end of the financial year.

5. The organization shall maintain a record of all assets-physical and intellectual, acquired, developed/wholly or substantially out of financial assistance given from the Consumer Welfare Fund. Such assets except those declared as obsolete and unserviceable or condemned in accordance with the procedure laid down in the General Finance Rules, 2005 shall not be disposed off, encumbered or utilised for purpose other than those for which the grants were given, without prior written sanction.

Should the organization cease to exist or the assets are transferred to any other institution at any time such assets in proper shape will revert to the Government. The grantee organization will maintain the following documents:-

- Assets register reflecting the date of purchase, value and registration particulars, if any.
- Project register reflecting the title of the project, source of funding, date of sanction, time frame for the completion, location of the project, beneficiary coverage etc.
- **In the case of software assets, the source code, backend and front end data base will be kept secure and copyright and all intellectual properties will vest with the government, whether specifically registered or otherwise.**
- **Websites /domain created out of the grant funds will be registered in the name of the Government.**

On completion of a project, or its earlier termination the Department may direct transfer of all these physical and intellectual assets to the Department or any other person/body as authorized by it.

6. DEPARTMENT shall have the right to call for all drawings; specifications source code and data knowledgebase and other data, necessary to enable the transfer of technical know how to other parties, and the Project Holder shall supply all the required information without any charge.

7. Any person wishing to publish papers based on the research work done under the project shall obtain prior approval of Department and also acknowledge the financial support received from the Department for the same.

8. The Project Holder/VCO shall not unilaterally re-appropriate funds available for different items in the project, i.e. amount sanctioned for one item shall not be spent on another item without prior written consent/approval of the Department

9. In case of any change in the management of the VCO, the new management body of the VCO would also be bound by the Department's Terms & Conditions for the project and an undertaking to this effect from the VCO will be essential. Any change in the composition of the management committee at any stage after submission of the proposal shall be reported forthwith to the Department within 15 days.

10. The Grantee shall arrange to prominently display all the details of the Project with sponsoring Agency's name and release of funds etc. for generating awareness about the project.

11. The accounts of all grantee institutions/ organisations shall be open to inspection by the sanctioning authority and audit, both by the C&AG under provisions of CAG (DPC) ACT 1971 and internal audit by Pr. A.O. of the Ministry / Department whenever the institution is called upon to do so. The accounts of the grantee institution/organization shall be audited by C &AG under section 14 of the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act 1971, if the grants or loans to the institution in a financial year are not less than Rs. 25 lakhs and also not less than 75% of the total expenditure of the institution. The accounts may also be audited by the Comptroller and Auditor General of India if the grants or loans in a particular year exceed Rs. One Crore. Where the accounts are so audited by the C&AG in a financial year, he shall continue to audit the accounts for a further period of 2 years, notwithstanding that the conditions outlined above are not fulfilled.

In all other cases the organization shall get its accounts audited from Chartered Accountants of its own choice.

12. Annual reports and audited accounts of the institutions will have to be submitted to the Department in Hindi & English in required quantities by the grantee to be laid on the Table of both the Houses of parliament within 9 months of the close of the succeeding financial year of the grantee institution in terms of Rule 212 (2) (I) (II) of GFR, if:-

- a) the recurring grant is Rs. 25 lakhs and above or
- b) the non-recurring grant is Rs. 50 lakhs and above as one time assistance.

However, the grantee institution will have the option to maintain a separate account for the grant and submit an annual report and audited accounts in respect of this grant only.

13. The Department may at its discretion exercise the right to nominate its representative on the executive body of the grantee if grant in aid is more than 50% of the annual recurring expenditure of the recipient organization.

14. The sanction accorded by Department will have to be accepted within 45 days from the date of the issue of the Sanction order supported with the original resolution of the organization. Failure to send communication of acceptance within the stipulated time will render the proposal liable for rejection.

15. After release of grant in the event of the grantee failing to comply with the conditions or committing breach of the conditions of the bond, the signatories to the bond, shall be jointly and severally liable to refund to the President of India the whole or part of the grant with interest at 10% per annum thereon or the sum specified under the Bond.

16. (a) In respect of recurring grants the Department will release any amount sanctioned for the subsequent financial year only after submission of utilization certificates on a provisional basis in respect of grants of the preceding financial year. Release of grant in excess of 75% of the total amount for the subsequent financial year will be made only after submission of final utilization certificates and the annual audited accounts relating to grants in aid released in the preceding year.

(b) When recurring grant in aid are sanctioned to the same institution or organization for the same purpose, the unspent balance of the

previous grant and interest (which is at present 10%/annum) accrued thereon shall be taken into account in sanctioning the subsequent grant

(c) In case of non-recurring grants for specified purpose the time limit within which the grant or each installment of it is to be spent shall be specified.

17. The Project Holder/VCO, where necessary, shall seek approval for extension of the Project not later than three months before the terminal date as originally visualized. Where the Project Holder has not obtained in writing, permission from DEPARTMENT to extend the duration of the project, the certificate of utilization of funds together with the audited accounts referred shall be furnished within three months of the terminal date of the Project as originally visualized.

18. The Project Holder shall open a separate Bank Account for all aid from Department for the project and shall inform the name of the Bank and Account No. to the Department.

19. DEPARTMENT shall have the power to recall the whole or part of the funds released in case of breach of any of the above-mentioned conditions or a diversion of funds for other purposes or any inaction, inadequate progress or non-utilization of funds, along with interest accrued thereon, after giving an opportunity to the grantee to show cause.

20. It is the essence of the contract that the funds of Department are "public funds" meant for enhancing Consumer Protection and awareness and the aid is being given to Project Holder in solemn trust that the same will be used honestly, prudently and in public interest strictly for the Project in accordance with these terms and conditions.

21. The Project Holder shall refund to the Department such part of the amount released *with interest accrued thereon* as remains unutilized on expiry of the Project period or earlier when the amount is no longer required for the purpose for which it was released.

22. All payments to DEPARTMENT shall be made to the Pay & Accounts Officer, Department of Consumer Affairs, by Demand Draft.

23. The Utilization certificate should be submitted within 12 months of the closure of the financial year. Where such certificate is not received from the grantee within the prescribed time the Department will be at liberty to black list the Institution or Organization from any future grant, subsidy or other type of financial support from the Government.

The UC should be accompanied by a report disclosing whether the specified quantifiable and qualitative target that should have been reached against the amount utilized were in fact reached and if not reasons therefore. This should contain an output based performance assessment instead of input based performance VCO will furnish a Utilization Certificate for the grant in the performa prescribed in Annexure III.

24. The project is not transferable and the Project Holder shall not entrust the implementation of the work for which the aid has been sanctioned by the DEPARTMENT to any other person or institution. Any case of sub contracting shall result in immediate punitive action.

25. Assistance may be stopped to a VCO, during the project period and/or the VCO may be black- listed on grounds listed in and after following the procedure prescribed in *Annexure – IV*.

26. Any project having a total value of more than Rs 50 lakhs grant from Government are Public Bodies as per RTI Act and will comply with all terms and conditions under the RTI Act.

SECTION XI

Monitoring & Evaluation:

1. All projects with funding above Rs 50 lakhs will be monitored periodically and evaluated by an independent agency on the metrics and deliverables before being considered for a second funding.
 2. Notwithstanding anything mentioned above, the Government may at its discretion order special evaluation/ audit of any project funded by it.
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Check list of Documents to be furnished by the Grantee Organization for seeking Financial Assistance from Consumer Welfare Fund (CWF) – to accompany application in form – A I

1. Name and full office address of the applicant/ organization.
2. Date of registration and copy of the registration certificate. (e.g. Registered society/ registered trust/ registered company/ registered coop. Society etc.)
3. Area of operation - Is the Applicant a National/ State/district level organization.
4. Brief outline of Objectives of the organization as mentioned in its Articles of Association and Bye-laws.
5. Updated list of managing committee / governing body members and name and address of office bearers and their occupation.
6. Has the applicant, (if an organization other than industry) been continuously working in the area of consumer welfare for the last three years.
7. Applicant to furnish:-
 - Memorandum and Articles of association.
 - Rules/ Bye-laws of the organization.
 - Annual Reports, audited accounts and Balance Sheet for the last three years.
 - PAN number
 - A resolution of the organization duly signed by the sitting members of its Executive body/Managing Committee.
 - Certificate that the concerned project has not received, is not receiving nor will they apply for receiving any funding, either completely or partially, from any other Central Govt. Department, State Govt., international or any other agency, for the same project covering the same beneficiaries.

- Certificate that the members of the Executive Body/Managing Committee of the organization are not related to each other or belong to the same family.
- Certificate that VCO has not been put on the Department's list of organizations to which funding has been cancelled or suspended for acts of omission and commission.
- List of ongoing projects under implementation by the VCO with funding by Department on the date of application filed with Department.
- Certificate that the applicant has not availed/proposes to avail of grant for the same purpose from any other source.
- Certificate that the applicant has not been proceeded against at any point of time for misappropriation of funds or any Court case is pending during last 5 years.
- Certificate that the same infrastructure (manpower/ official) has not been shown for parallel funding by any other agency

8. Purpose for which application has been made (please see section VII of the guidelines for activities that qualify for assistance)

9. Detailed project proposal with year wise requirement of funds & the sources of funds (own/grant from CWF/any other)

10. Amount of grant sought.

11. Time frame for completion of proposed activities.

12. Expected outcome of the project and quantitative targets likely to be achieved.

13. Source of funds of balance amount for completing the activities- government / non-government sources.

14. Number of years for which assistance is sought and how the project activities will be sustained in post grant period.

15. Grant availed from this Department earlier by the applicant and the details thereof including UC and settlement

Annexure-II

Time frame for action on applications received		
Stages	Activity and level of decision taking	Time Frame
1	Initial Scrutiny of proposals & sending for comments of State Govt./ rejection on initial scrutiny (by Assessment Cell.)	Within 30 days of receipt
2.	Presentation & Appraisal of the proposal by Appraisal committee Appraisal Committee may:- (i) reject the proposal assigning reasons; or (ii) identify gaps in information/ seek clarifications/ direct modification of application (iii) recommend approval by Standing Committee (by Appraisal Committee)	Within next 21 days of stage 1
3.	In case of 2(i) or 2 (ii) – Decision of the Committee to be conveyed to the applicant	Within 3 working days of receipt of minutes of appraisal committee meeting .
3.1	Time for the Applicant to respond (in case of 2 (ii))	Normally 14 days of receipt of communication. The Appraisal Committee may however, allow additional time for furnishing the information if it consider that the nature of information sought is such as to warrant additional time.
3.2	Final recommendation of the Appraisal Committee in case of 2(ii)	Within two weeks of receipt of complete information.
4	Meeting of Standing Committee	As and when required, but at least once in a quarter
5.	Finalization and approval by competent authority of minutes.	1 week from the date of meeting
6(a).	Scrutiny and sending proposal for Concurrence of IFD	Within one week of the receipt of the minutes of the Standing Committee for proposals which do not need

		further clarifications. Within one week from receipt of further clarifications (wherein clarification have been sought)
6(b).	Concurrence by IFD/ Return to section for adding information if any (query to be very specific)	Within one week of receipt of proposal. In case a file has been returned by IF for additional information the same on being received again will be submitted to Secretary (CA) with clear recommendation of IF. (Within one week of receipt of file)
7.	Issue of sanction letter after final order.	Three working days

Note:- Final order to issue ordinarily within 3 weeks of the meeting of the Standing Committee . Total time taken from receipt of proposal to issue of sanction letter will ordinarily be 3 to 3-1/2 months if proposal are complete in all respects.

FORM GFR 19- A
 [See Rule 212 (1)]
Form of Utilization Certificate

Sl. No.	Letter No. and date.	Amount
	Total	

Certified that out of Rs. Of grants-in-aid sanctioned during the year..... in favour of Under this Ministry / Department Letter No. given in the margin and Rs..... on account of unspent balance of the previous year, a sum of Rs. has been utilized for the purpose of For which it was sanctioned and that the balance of Rs.....remaining unutilized at the end of the year has been surrendered to Government (*vide* No....., dated) / will be adjusted towards the grants-in-aid payable during the next year

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled / are being fulfilled and that I have exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.

Kinds of checks exercised

- 1.
- 2.
- 3.
- 4.
- 5.

Signature and Seal of Chartered Accountant
 Licence No:

Signature
 Designation
 (Secretary of the Organisation)
 Seal and Date

Procedure for funding restrictions and blacklisting

Further Assistance Stopped (FAS)

VCOs can be placed under funding restrictions on the following grounds:-

- ❖ If the project holder does not cooperate with the monitor for conducting evaluation of the project.
- ❖ If the project holder does not submit progress report, audited statement of accounts and utilisation certificate.
- ❖ If the project holder diverts the funds/changes the beneficiaries/changes the location of the project without approval of DEPARTMENT.

The organisation will be kept informed of the restrictions imposed in writing by DEPARTMENT. It will also be given an opportunity to rectify the defect(s) within a period of 'three months failing which the prescribed procedure for blacklisting of the organisation will be initiated.

Blacklisted Category

VCOs can be blacklisted on the following grounds:-

- If the project holder has received or receives funds from more than one source or applies for receiving any funds, either completely or partially from any other Departmental/non-Departmental, international or any other agency, for the same project covering the same beneficiaries.
- Principal office bearers in VCO involved in criminal conduct/misappropriation of public funds.
- For submission of falsified accounts/documents.
- For not accomplishing the stipulated work even after giving sufficient opportunities.
- Refusal to hand over the assets created/acquired under the project to the community/beneficiaries. Failure to return the savings/unspent balance/refundable grant available/extended under the project.
- Principal office bearers are serving Department servants and the organization conceals the fact.
- If more than two members of the Executive/Governing/Managing Body of the organization are relatives / family members or two

from these are cosignatory in bank account operations and the VCO conceals the facts.

- VCOs blacklisted by other Departmental Organizations etc.

After the organization is blacklisted, it will be served with notice for recovery of the fund in question within a period of one month. On the failure of the organization to comply with the notice, Department will initiate suitable action for recovery of the said amount through available recovering methods. The organization will have an opportunity to appeal against the order of blacklisting within 3 months from the date of issue of the order. The Standing Committee of CWF will consider this appeal. The decision will be communicated to the organization.
