

## **NABARD**

### **Background**

NABARD has been providing various types of financial assistance to NGOs / other agencies for implementation of programmes for agriculture and rural development. However, it is observed that some agencies fail to deliver the agreed outcome / deliverables of the project assigned on account of various reasons including malafide intentions. This results in misutilisation of financial assistance and necessitates undertaking an exercise by NABARD whereby such agencies are identified and debarred from further financial assistance / support from NABARD. The guidelines for stopping of further financial assistance and debarring of NGOs / other agencies include process for identification of these agencies, procedure to be followed for stopping of further financial assistance / debarring and an appeal mechanism. Guidelines for debarring of NGOs / other agencies by NABARD are as under:

### **Guidelines for stopping of further financial assistance and debarring of NGOs / other agencies by NABARD**

1. NABARD has been providing various types of financial assistance to NGOs / other agencies for implementation of programmes for agriculture and rural development. Other agencies may include societies, trusts, companies, etc., which have availed financial assistance either in the form of grant, grant-cum-loan or loan, etc. However, it is observed that occasionally these agencies fail to deliver the results / outcome expected of the projects assigned, resulting in misutilisation of financial assistance, loss of reputation to NABARD, etc. This necessitates undertaking an exercise whereby the agencies which are not implementing the sanctioned projects properly, as per the important terms and conditions of sanction of NABARD are identified and debarred from further financial assistance / support from NABARD. However, care may be taken by NABARD to ensure that the activities beyond the control of NGOs i.e., due to natural calamities, etc., are properly documented through timely monitoring of mortality of plants/loss of livestock/assets, etc., so that NGOs with genuine difficulties and reasons beyond their control are not subject to debarring by NABARD.

### **2. Sources of information for identification of NGOs / other agencies**

which are not implementing NABARD assisted projects properly

The NGOs / agencies which are not implementing NABARD assisted projects properly may be identified using inputs from any of the following sources. Monitoring visit reports of the Regional Offices / Head Office of NABARD indicating such deficiencies, inspection reports of NABARD indicating the major irregularities, newspaper / media reports / phone calls on improper functioning of the agencies subject to verification and confirmation through monitoring visits by NABARD officials, half yearly or annual review of projects implemented by NGOs / other agencies and observations by Concurrent Auditor of NABARD, etc., are some of the sources of inputs for identification of such NGOs / other agencies for stopping of further financial assistance and debarring of such agencies. The procedure for immediate stopping of further financial assistance is indicated below.

### **3. Procedure to be followed for Stopping of Further**

Financial Assistance to NGOs/other agencies

Financial assistance to such identified NGOs / other agencies may be stopped immediately with the approval of CGM / OIC of the Regional Office of NABARD when the following deficiencies and / or major irregularities as indicated below are observed.

### **3.1 Deficiencies**

- i. Non-adherence to stipulated important terms and conditions of the sanctioned project of NABARD, irregular submission of MIS, non-convening of Project Monitoring and Implementation Committee meetings (PMIC) by NGOs, undue delay in submission of audited statement of accounts and utilization certificate to NABARD, etc.
- ii. NGO/agency diverts the funds, changes the location / beneficiaries of the project without prior approval of NABARD.
- iii. Absence of transparency in financial dealings including non-audit of financial statements of NGOs / other agencies.
- iv. Persistent default in loan repayment / interest payment under any of the programmes of NABARD.
- v. Wrong reporting or concealing of facts about the progress in implementation of the NABARD assisted project.

### **3.2 Major Irregularities**

- i. Misutilisation / misappropriation / diversion of funds released by NABARD to the NGO/agency.
- ii. Failure of NGO/agency to return the unspent balance grant extended by NABARD under the project.
- iii. Misrepresentation of facts / submission of falsified accounts / documents to NABARD.
- iv. NGO/agency seeking multiagency support either completely or partially from any other governmental / non-governmental, international or any other agency, for the same project covering the same beneficiaries for same purpose but without revealing such funding arrangements to NABARD.
- v. The agency disposes of the assets given as a security for loan from NABARD without the knowledge of NABARD.
- vi. NGO/agency does not cooperate with the NABARD / monitoring agency for conducting evaluation of the project assisted by NABARD.
- vii. NGO conceals material information to NABARD on the credentials of Key Office bearers or they are involved in criminal conduct / misappropriation of funds.
- viii. The agency has thwarted efforts of NABARD for recovery of dues by not providing necessary information sought, denying access to books of accounts of agency, denying access to assets financed / collateral securities, obstructing sale of securities, etc.
- ix. Whereabouts of NGO/agency is not known to NABARD.
- x. Violation of GOI / RBI norms governing foreign currency / receipts from foreign donors, etc.
- xi. License / Registration is cancelled or blacklisted by the Competent Authority of Government of India or State Governments.

**3.3** Once a decision is taken for stoppage of further assistance from NABARD, the concerned NGO/agency will be informed of the restrictions imposed by NABARD in writing. The NGO/agency will also be given an opportunity to rectify / regularize the defects / irregularities within a period of two months, failing which the prescribed procedure for debarring of the NGOs may be initiated by NABARD. Financial assistance may be restored for NGOs/agencies which satisfactorily comply with the requirements of rectifying the defects / irregularities within stipulated time-frame with the approval of CGM / OIC of the Regional Office of NABARD. In case the defects / irregularities are not rectified by the agencies, to the satisfaction of the Regional Office of NABARD, action may be initiated for debarring of such agencies. The procedure for debarring of NGOs / other agencies are as under:

### **4. Procedure to be followed for debarring of NGOs/Other agencies**

The procedure to be followed for debarring of NGOs / other agencies at the Regional Office level and Head Office level of NABARD are as under –

#### **4.1 At the NABARD Regional Office level:-**

If the deficiencies / major irregularities persist and the NGO / agency does not rectify / regularise the deficiencies/ major irregularities pointed out by the Regional Office of NABARD, the issue may be discussed in the Project Sanction Committee of the Regional Office of NABARD involving the departments dealing with NGOs/agency. The proposal for debarring of NGO / other agencies may be forwarded to the Chief General Manager of concerned business department of Head Office of NABARD along with the justification of the Project Sanction Committee and the recommendations of the RO-In Charge of NABARD.

#### **4.2 At NABARD Head Office level**

##### **Issue of Notice and Reminder to NGO/agency by NABARD Head Office**

On receipt of recommendation from Regional Office/s of NABARD for debarring of NGO/agency, the concerned department of Head Office of NABARD, after satisfying itself about the need for debarring, may issue a notice by Registered Post to NGO/agency to reply within 30 days followed by a reminder, if required. Even after 30 days of issue of reminder, if satisfactory reply is not received, the proposal for debarring the NGO/agency may be discussed in the “Committee for Debarring of NGOs / Other Agencies” constituted at Head Office of NABARD for approval. In case, the NGO / agency is operating in more than one State and implementing projects of other departments also, the views / comments of concerned Regional Offices / Departments of Head Office of NABARD and reply received from the NGO/agency may be obtained and kept in mind for taking a view in the matter, by the said Committee for debarring of NGOs / other agencies.

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#### **5. NABARD – Head Office level Committee**

##### **for Debarring of NGOs/other agencies**

A “Committee for Debarring of NGOs / Other agencies” at Head Office of NABARD has been constituted comprising of representatives of grant releasing departments [Farm Sector Policy Department (FSPD), Farm Sector Development Department (FSDD), Off Farm Development Department (OFDD), Micro Credit Innovations Department (MCID), Department of Financial Inclusion and Banking Technology (DFIBT)], the dealing department and Law Department to deal with the cases of debarring of NGOs / agencies. CGM of the concerned department of Head Office of NABARD will be Chairman of the said Committee. CGM or officer not below the rank of GM [except Law Department] may be members of the Committee. The Law Department may be represented by the DGM. The quorum for the Committee will be

3 CGMs / GMs and DGM [Law]. GM of the concerned department of Head Office of NABARD will be the Convener of the committee meetings. The names of NGOs / other agencies debarred will be communicated to the departments of NABARD dealing with the NGOs. Further, the NGO / agency will also be advised accordingly by the concerned department of Head Office of NABARD.

#### **6. Appeal by NGOs / other agencies to NABARD**

The NGO / other agencies will have an opportunity to appeal to NABARD against the decision of debarring by NABARD within a period of 15 days from the date of receipt of letter on debarring. The appeal of the NGO/agency for taking out of the agency from the debarred list may be forwarded to the concerned Regional Office of NABARD for consideration. In case, the NGO/agency has rectified / regularized the deficiencies / major irregularities and has given necessary commitment for improved performance, Regional Office of NABARD may forward their recommendations after discussion in the Project Sanction Committee of departments dealing with NGOs/agency. The concerned department of Head Office of NABARD may arrange to discuss the proposal for consideration and recommendation at HO by the Committee for Debarring the NGO/agency. With the recommendation of the Committee, the request of NGO/agency may be considered for approval by the concerned Deputy Managing Director of NABARD. In case the proposal for removing the name of NGO/agency is not acceptable, the request may be rejected with the approval of the Deputy Managing Director of NABARD. The concerned department of HO of NABARD will advise the NGO/agency in the matter.

#### **7. Legal action for recovery**

After the NGO/agency is debarred, the concerned Regional Office / Head Office Department of NABARD will initiate suitable legal action for recovery of the loan / grant amount, if legal action for recovery was not already initiated by NABARD.

#### **8. Debarring of NGOs/Other agency - Listing on the website of NABARD**

The list of debarred NGOs by NABARD will be put on the website of NABARD, after a period of two months, if the NGO has not preferred an appeal against debarring or, if the NGO has made an appeal, when the same is rejected by the Deputy Managing Director of NABARD.