

A Study On MPLADS- Member of Parliament Local Area Development Scheme

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Introduction

Parliamentary involvement in grassroots projects is a policy tool which dedicates public money to benefit specific political subdivisions through allocations and /or spending decisions influenced by their representatives in the parliament. The elected members of Lok Sabha can suggest developmental works in their constituencies to the respective District Collectors. On the other hand the elected members of Rajya Sabha can recommend works in any district of their state. A nominated member of Rajya Sabha can suggest work in only one state of his choice. The objective of this scheme was to enable the members of Parliament (MP) to recommend developmental works of capital nature based on locally felt needs. Such developmental schemes are popular vehicle for politically centered development that seeks to build relationships between the elected representative, various stake holders and ground level government institutions. MPLAD (Member of Parliament local area development) scheme as a political response to gaps in fulfilling local need which does not get picked up through top down approach of planning process. Although the MPLAD scheme has been dogged by Controversy since its inception due to its structural problem. The sustainability and the need for the scheme have also been questioned, time and again. In the last 20 years of its existence the MPLAD Scheme's performance has been mixed. While in many cases useful work has been noted. In several cases the MPs concerned have not been able to utilize the full amount allotted to them. For this purpose, the present study attempt to analyze the pattern of utilization of the Members of Parliament Local Area Development Scheme.

Methodology of the Study:

In this study basically secondary source of data collection has been utilized. The information on the works recommended, sanctioned, completed, utilization of funds etc. are compiled from the

information on the progress of the scheme received through its official website, <http://mplads.nic.in/>

About MPLAD:

The MPLAD scheme was introduced on 23rd December 1993 by former Prime Minister, *P.V. Narasimha Rao*. Such involvement in grassroots projects is a policy intervention which commits public money to benefit each parliamentary constituency through allocation and spending decisions mooted by their representatives in Parliament. The elected Members of Lok Sabha can propose developmental works in their constituencies to the respective District Collectors. The elected Members of Rajya Sabha can recommend works in any district of their State. A nominated Member of Rajya Sabha can suggest works in any one State of his choice. The Ministry of Statistics and Programme Implementation, as the nodal Ministry, is responsible for policy formulation, release of funds and monitoring the implementation of the Scheme. A department in each State/Union Territory (UT) is designated as the nodal Department with the overall responsibility of supervision, monitoring and coordination of MPLADS implementation with the districts and other line departments. The government of India liaises and coordinates with the State Nodal Departments on the MPLADS funds released to the Districts Authorities. The District authorities report the Status of MPLADS implementation to the Government of India and State Nodal Department. The District Authority implements the MPLADS works through Local Self Government and other Government agencies. In some cases, the District authorities engage reputed Non-Government Organizations (NGOs) for execution of MPLADS works. Initially in 1993, Rs 5 lakh was allocated to each MP Later on, the amount stood at Rs. 1 Crore per year per MP during 1994-95 till 1997-98. It was further increased to Rs. 2 crores from the years 1998-99. Since 1st April 2011 it has grown to Rs. 5 crore per member of Parliament (MP)

Fund release and Management of MPLAD:

As per guidelines of MPLAD 2012, The annual entitlement of Rs 5 Crore shall be released, in tow equal installments of Rs 2.5 crore each, by Government of India directly to the District Authority (DAs) of the Nodal District of the member of Parliament concerned. Funds released to the District Authority by the Government of India are non-lapsable; funds left unspent in the districts are carried forward for utilization in the subsequent years. The work of MPLADS shall

be completed within 18 months from the date of demitting office in case of Rajya Sabha MPs or dissolution of the Lok Sabha.

Priority Sectors under MPLADS:

Following are considered as priority sectors under MPLAD: Drinking water facilities, Education, Electricity facility, Non-Conventional Energy Sources, Health and Family welfares, Sanitation and Public Health, Irrigation, Roads, pathways and Bridge, Sports, Animal care and other public facilities.

Performance and Achievement of the Scheme

Year wise release of Funds Since 1993-94 to 2010-11

MPLADS year wise Funds Released (Rs. In Crore)

Year	Funds Released	Cumulative Release.
1993-94	37.80	37.8
1994-95	771.0	808.0
1995-96	763.0	1571.80
1996-97	778.0	2349.0
1997-98	488.0	2837.0
1998-99	789.50	3627.30
1999-2000	1390.50	5017.80
2000-2001	2080.0	7097.80
2001-2002	1800.0	8897.0
2002-03	1600.0	10497.80
2003-04	1682.00	12179.80
2004-05	1310.0	13489.0
2005-06	1433.90	14923.70
2006-07	1451.50	16375.20
2007-08	1470.55	17845.75
2008-09	1580.00	19425.75
2009-10	1531.50	20957.25
2010-11	1533.32	22490.57

Source- MPLAD, Annual Report 2010-11, Ministry of Statistics and program implementation. GOI. ¹

From the above table, during the financial year, 2010-11 Rs. 1533.32 Crore has been released and the cumulative release since inception till 2010-11 is Rs. 22490.57 crore has been released under the scheme.

¹ MPLAD Annual Report, 2010-11

Percentage Utilization over release.

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010	2010-11
Funds releases (in crore)	1600	1682	1310	1433.90	1451.50	1470.55	1580	1531.50	1533.32
Expenditure incurred (in crore)	1662.52	1736.68	1909.11	1643.97	1489.67	1551.26	1724.01	1073.98	1452.95
Percentage Utilization over release.	103.91	103.25	145.73	114.65	102.63	105.49	109.11	70.13	94.76

Source- MPLAD, Annual Report 2010-11, Ministry of Statistics and program implementation. GOI. ²

From the above table Rs.1533.32 crore has been released during the financial year. Expenditure of Rs. 1452.95 crore was incurred and the percentage utilization over release for the year was as high as 94.76

Other Achievements

Tsunami Rehabilitation

In the aftermaths of 26th Dec 2004 Tsunami disaster, the Government relaxed the provision of the MPLADS Guidelines so as to enables the Members of Parliament to recommend any amount out of their entitlement to help rehabilitation/reconstruction works in affected areas from their MPLADS fund. 207 Lok Sabha MPs and 167 Rajya Sabha MPs consented for Rs. 22.74 crore and Rs. 31.34 crore respectively for Tsunami relief, out of which Rs. 21.89 crore was authorized by Lok Sabha Secretariat and Rs. 31.34 crore by the Rajya Sabha Secretariat. Community infrastructural assets eligible under the MPLADS Guidelines and approved by the Lok Sabha and Rajay sabha Committees on MPLADS, such as School, hospital, Public heath centre, Community hall, orphanage building etc. in the Tsunami affected States. ³

² MPLAD Annual Report, 2010-11

³ MPLAD, Annual Report, 2010-11

Kosi Flood Affected area of Bihar

The 2008 Bihar Flood, which is one of the worst and disastrous floods in the history of the Indian State of Bihar, occurred due to a breach in the Kosi embankment near Indo-Nepal boarder on August 18, 2008. Rs. 22.05 crore has been contributed by 156 Lok Sabha MPs and Rs. 22.81 crore has been contributed by 173 Rajya Sabha MPs towards Bihar Flood Relief works. The Ministry in consultation with the MPLADS Committees of Parliament authorized construction of 35 Disaster-cum-Community Shelters costing Rs. 53.35 Lakhs/-per unit and 35 Cattles Shelters costing Rs. 14.516 lakh per unit out of the MPLAD funds.⁴

One MP One Idea.

Listing some of the initiatives under the MPLAD Scheme, Shri Jena, The Minister of State (I/C) for Statistics & Programme Implementation said that recently a Scheme known as “*One MP One Idea*” has been launched. One MP One Idea competition would be held in each Lok Sabha constituency annually to select the best three innovations who will be awarded with cash prize of Rs. 2.5 lakh, 1.5 lakh and 1 lakh along with five consolation prizes to be given as certificate of appreciation for the ideas received from local people for developmental projects. Under the scheme, a Selection Committee headed by DC/DM shall be constituted in the Nodal district having members with sufficient expertise available in the district.⁵

State wise Release of Funds/Expenditure of Member of Parliament (As on 31.03.2011)

(Rs in Crore)

S. No	State	Release by G.O.I	Amount available with Nodal District with Interest etc.	Amount Sanctioned	% Sanctioned over release	Expenditure incurred over release	% Utilization	Unspent Balance
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4 MPLAD, Annual Report, 2010-11

5 <http://pib.nic.in/newsite/erelease.aspx?relid=86479>

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Nominated	22.0000000	22.84	12.86	58.45	12.97	58.95	9.87
2	Andhra Pradesh	97.0000000	98.57	126.53	130.44	95.04	97.98	3.53
3	Arunanchal Pradesh	5.0000000	5.03	6.97	139.40	6.71	134.20	-1.68
4	Assam	34.0000000	34.78	35.71	105.03	30.79	90.56	3.99
5	Bihar	106.5250000	108.92	72.75	68.29	69.58	65.32	39.34
6	Goa	3.0000000	4.61	6.01	200.33	3.95	131.67	0.66
7	Gujarat	73.0000000	75.39	76.16	104.33	48.25	66.10	27.14
8	Haryana	29.0000000	30.21	29.97	103.34	25.33	87.34	4.88
9	Himachal Pr.	15.0000000	16.49	19.05	127.00	12.43	82.87	4.06
10	Jammu & Kashmir	21.0000000	21.79	20.91	99.57	11.87	56.52	9.92
11	Karnataka	74.9285704	76.87	64.72	86.38	46.81	62.47	30.06
12	Kerala	45.0000000	46.63	65.02	144.49	30.36	67.47	16.27
13	Madhya Pradesh	70.8620682	72.74	65.58	92.55	58.23	82.17	14.51
14	Maharashtra	121.0000000	125.48	131.58	108.74	96.28	79.57	29.20
15	Manipur	6.0000000	6.02	4.95	82.50	5.25	87.50	0.77
16	Meghalaya	6.0000000	6.88	6.82	113.67	5.70	95.00	1.18
17	Mizoram	4.0000000	4.02	4.40	110.00	4.40	110.00	-0.38
18	Nagaland	4.0000000	4.00	4.00	100.00	4.00	100.00	0.00
19	Orissa	56.0000000	57.84	56.29	100.52	46.63	83.27	11.21
20	Punjab	33.0000000	37.63	37.93	114.94	39.93	121.00	-2.30
21	Rajasthan	58.0000000	58.57	59.66	102.86	50.81	87.60	7.76
22	Sikkim	4.0000000	4.11	3.95	98.75	3.93	98.25	0.18
23	Tamil Nadu	88.0000000	89.70	95.07	108.03	87.19	99.08	2.51
24	Tripura	6.0000000	6.03	3.19	53.17	4.16	69.33	1.87
25	Uttar Pradesh	207.0000000	209.52	181.98	87.91	166.72	80.54	42.80
26	West Bengal	82.0000000	91.43	97.32	118.68	208.58	254.37	-117.15
27	A & N Islands	1.0000000	1.00	0.00	-	0.00	-	1.00
28	Chandigarh	3.0000000	3.04	1.68	56.00	1.04	34.67	2.00
29	D & N Haveli	0.0000000	0.00	0.00	-	0.00	-	0.00
30	Daman & Diu	2.0000000	2.10	1.86	93.00	1.22	61.00	0.88
31.	Delhi	41.0000000	41.39	10.25	25.00	7.95	19.39	33.44
32	Lakshadweep	7.0000000	7.06	2.79	39.86	2.11	30.14	4.95
33	Pondicherry	3.0000000	3.09	2.28	76.00	3.27	109.00	-0.18
34	Chhattisgarh	27.0000000	27.76	23.82	88.22	24.11	89.30	3.65
35	Uttaranchal	18.0000000	18.21	12.71	70.61	10.37	57.61	7.84
36	Jharkhand	39.0000000	39.26	29.44	75.49	26.41	67.72	12.85

Total	1412.3156386	1459.03	1374.21	97.30	1252.38	88.68	206.65
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Source- MPLAD, Annual Report 2010-11.⁶

Details of expenditure are given below.

State wise Release of funds/Expenditure of Member of Parliament (Rajya Sabha) (As on 31.03.2011) (Rs. In crore)

S.no	State	Released by G.O.I	Amount available with Nodal District with Interest etc.	Amount Sanctioned	% Sanctioned over release	Expenditure Incurred over Release	% Utilization	Unspent Balance.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Nominated	4.0000000	4.04	4.24	106.00	1.63	40.75	2.41
2	Andhra Pradesh	73.0000000	72.93	90.92	124.55	65.83	90.18	7.10
3	Arunanchal Pradesh	3.0000000	3.01	4.96	165.33	4.71	157.00	-1.70
4	Assam	23.0000000	23.62	22.72	98.78	16.01	69.61	7.61
5	Bihar	74.5250000	75.64	40.33	54.12	34.57	46.39	41.07
6	Goa	3.0000000	3.18	3.81	127.00	2.00	66.67	1.18
7	Gujarat	51.0000000	51.76	58.76	115.22	33.35	65.39	18.41
8	Haryana	18.0000000	18.34	20.74	115.22	16.09	89.39	2.25
9	Himachal Pr.	9.0000000	9.96	11.71	130.11	6.55	72.78	3.41
10	Jammu & Kashmir	15.0000000	15.09	13.15	87.67	7.51	50.07	7.58
11	Karnataka	49.9285704	51.28	40.51	81.14	26.78	53.64	24.50
12	Kerala	29.0000000	29.15	46.92	161.79	12.39	42.72	16.76
13	Madhya Pradesh	50.8620682	51.35	50.37	99.03	44.74	87.96	6.61
14	Maharashtra	94.0000000	95.26	98.14	104.40	65.93	70.14	29.33
15	Manipur	4.0000000	4.02	3.00	75.00	3.20	80.00	0.82

16	Meghalaya	4.0000000	4.18	4.88	122.00	3.95	98.75	0.23
17	Mizoram	2.0000000	2.02	2.23	111.50	2.23	111.50	-0.21
18	Nagaland	2.0000000	2.00	2.00	100.00	2.00	100.00	0.00
19	Orissa	39.0000000	39.55	39.62	101.59	29.12	74.67	10.43
20	Punjab	20.0000000	23.28	25.62	128.10	24.99	124.95	-1.71
21	Rajasthan	40.0000000	40.32	44.41	111.02	34.01	85.02	6.31
22	Sikkim	2.0000000	2.05	2.01	100.50	2.10	105.00	-0.05
23	Tamil Nadu	54.0000000	54.88	69.43	128.57	57.41	106.31	-2.53
24	Tripura	4.0000000	4.02	2.19	54.75	2.00	50.00	2.02
25	Uttar Pradesh	145.0000000	146.57	131.25	90.52	112.71	77.73	33.86
26	West Bengal	64.0000000	69.17	78.65	122.89	182.64	285.38	-133.47
27	A&N Island	1.0000000	1.00	0.00	-	0.00	-	1.00
28	Chandigarh	3.0000000	3.04	1.68	56.00	1.04	34.67	2.00
29	D&N Haveli	0.0000000	0.00	0.00	-	0.00	-	0.00
30	Daman and Diu	2.0000000	2.10	1.86	93.00	1.22	61.00	0.88
31	Delhi	37.0000000	37.24	7.22	19.51	5.71	15.43	31.53
32	Lakshadweep	7.0000000	7.06	2.79	39.86	2.11	30.14	4.95
33	Pondicherry	0.0000000	0.03	1.48	-	0.00	-	0.03
34	Chhattisgarh	20.0000000	20.24	17.35	86.75	15.40	77.00	4.84
35	Uttaranchal	11.0000000	11.02	7.19	65.36	4.00	36.36	7.02
36	Jharkhand	27.0000000	27.18	20.19	74.78	16.36	60.59	10.82
	Total	985.3156386	1005.56	972.33	98.68	840.29	85.28	165.27

Source- MPLAD, Annual report 2010-11, GOI⁷

From the above table it has been seen that from since inception to 2011 the Percentage utilization of available funds are not properly utilized.

Sector wise Distribution of works all India.

⁷ MPLAD, Annual Report, 2010-11

S. No	Sectors	No. of works sanctioned	Costs of works sanctioned (Rs. In Lakh)
1.	Drinking water facilities	81140	7999.18
2.	Education	98269	19329.39
3.	Electricity Facility	26426	3635.09
4.	Health and Family Welfare	8364	3205.43
5.	Irrigation	10535	2608.23
6.	Non-Conventional energy sources	531	91.70
7.	Other public facilities	181038	28007.38
8.	Roads, Pathways and Bridges	212709	43971.75
9.	Sanitation and public health	25329	4480.93
10.	Sports	11117	2036.41
11.	Animal Care	3830	404.65
	Total	659288	115770.14

Source- MPLAD, Annual Report, 2010-11.⁸

Sector wise distribution of work.

Issues and challenges:

As over the last 20 years that the scheme has been in force, it has got more bad reviews than good. The major discrepancy in this scheme is its structural problem. There are a number of issues which plague the scheme. Corruption is one important issue which need to for greater attention. There has been cases of widespread corruption and misappropriation of funds.

➤ PAC observation on MPLADS

Public Account Committee (PAC) contained in its 55th report (15th Lok Sabha) on MPLAD has highlighted the serious concerns on the implementation of MPLAD. “Government of India released Rs. 19,425.75 crore between 1993-94 to 2008-09 towards the MPLAD Scheme. Against a total fund of Rs. 19,845.91 crore available with DAs (District Authorities) including Rs. 420.16 crore accrued as interest, an expenditure of Rs 18,057.91 crore (91 percent) was incurred. On Scrutiny of the budget allocation, funds released and previous years funds available with the DAs during the years 2004-05 to 2008-09 the Committee find that an amount of Rs. 17891.15 crore was available with the DAs whereas the actual expenditure incurred in all these years combindly was to the tune of Rs. 8084.53 crore, depicting significant shortfall in the utilization of funds each year. The committee also highlighted that merely making provision in the

⁸ MPLAD Annual Report, 2010-11

guidelines would not be sufficient to maximize the funds utilization, the Committee urge the Ministry to take appropriate steps, including effective monitoring, to ensure optimum utilization of the annual earmarked funds by the State Government/DAs so that the unspent balance are reduced to the barest minimum and the avowed objectives of the MPLAD Scheme are well served. **The Committee hardly need to emphasize that the need for taking such proactive measures on the part of the Ministry assumes far greater significance in view of the enhancement of the annual entitlement of an MP from Rs. 2 crore to Rs. 5 crore w.e.f the financial year 2011-12.** The Committee are dismayed to note that the unspent balance of the present and former Rajay Sabha MPs stood at Rs. 3186.75 crore as on 30th September, 2011 as the MPR. It is a matter of serious concern that distribution of unspent balance does not take place on a regular basis.”⁹

➤ **Conflict of Interest**

It has always been claimed that MPLAD is meant for Public purpose. The whole idea behind this scheme is that it encourage MP's to overstep their domain, perform a function that is not officially their and weakening the constitutional separation of roles and responsibilities across Jurisdiction. “The most important issue is that MPLADs assign executive functions to legislators and thereby confuses the separation of power. This creates a **conflict of interest between legislators and executive** and seriously compromises the oversight function that legislators ought to play. **The Second Administrative reform Commission used this critique to recommend that the Scheme be abolished.** Another argument made by the 2002 National Commission to Review the working of the Constitution (NCRWC), is that the MPLADS Scheme Violates the distribution of Power between the Union, States and Local government. By creating incentives for MPs to provide civic services are the responsibilities of Panchayat and Municipal government”¹⁰

⁹ Ministry of Statistics and program implementation, Action taken Report by PAC (Public Account Committee) in 55th Report, 2013

¹⁰Yamini Aiyer, 2010, “SC Uphold the MPLADS Scheme: A Questionable judgment”, Accountability Initiative

➤ **Misuse of Funds**

Study reports have found that MPs were often using the money to channel it back to their own hand-picked contractors or trusts. This benefits them in two ways: they can execute public works to favour their constituencies, and they can also profit from it if by using their own contractors or trusts to do the job. "The misuse of MPLAD money to promote private enterprises or commercial activity of organizations is an equally serious violation of the guidelines, but it appears to be happening on a scale that should cause worry for all those who hold public money in trusts."¹¹ Diversion of Funds meant for MPLAD Scheme to other Scheme of the Central and State Government is another area of Serious concern. The Committee find that Rs. 4.67 crores of the MPLAD funds were diverted to other Scheme by 22 DAs of seven States, although the DAs are not authorized to do so. The committee are concerned to note that in 18 States/UTs, only 13.69 percent of MPLADS funds were sanctioned for areas inhabited by the SC/ST community against the requirement of 22.5 percent as per the Guidelines. The committee note that in 13 States/UTs, 35 DAs utilized an amount of Rs 1.30 crore on inadmissible items like payment of honorarium/wages/travelling expenses of staff, fuel for official vehicles, purchase of laptop etc.

➤ **CAG observation on MPLAD**

As per the MPLADS Guidelines the implementing Agencies (IAs) shall refund to the DAs the saving including interest, if any, at their disposal within one month and close the Bank Account opened for the purpose, the Committee find that in 24 states/UTs, unspent balance of Rs 1.98 crore arising due to completion of works at lower than the sanctioned cost and interest accrued on balance of Rs.4.71 crore have not been refunded by the IAs to the DAs after the Completion of the works. Further the Comptroller and Auditor General (CAG), in a review of the scheme for two time-periods – 1993-97 and 1997-2000, observed that not only had the implementation of the scheme not improved, it had gone from bad to worse. According to Frontline magazine, "CAG criticized the scheme's "poor utilization of funds, poor monitoring by the ministry, poor

¹¹ Surya Prakash, Public Money Private Agenda: The Use and Abuse of MPLADS, Rupa Publications, New Delhi. Pages 287

quality and, at times, inadmissible work, and suspected fraud and corruption”. Worse, funds were released without verifying what they would be used for, and often there was no documentation to suggest that any work had been done at all. In other words, MPs may have simply swiped the money. CAG, which surveyed 111 sample constituencies, discovered that there was no documentation on how Rs 161 crore was spent. And remember, this was the result from a sample that covered less than a sixth of our honorable MPs”

Conclusion:

Member of Parliaments are accountable for the development of his/her constituency. Through MPLADS they initiate the developmental work at their constituencies. After 20 years of its implementation this scheme has been challenged in many fronts regarding its validity and its misuse of funds from the representative bodies. Despite its odds this scheme has sustained a long way and making positive contribution towards aiming a difference in the society. For the smooth functioning of the scheme proper monitoring of the works be done and in all the developmental work at grass root level people’s participation must be ensured.

Way forward:

Local governments are best suited to felt the need of the local people rather than State or Centre. Ironically, Panchayats and Municipalities are starved for funds to perform their constitutionally assigned roles, while MPs, through MPLADS enjoy the privilege of an uninterrupted yearly flow of funds to do the job of Panchayats and Municipalities. Given that local bodies are better placed to deliver civic services then it may be wiser to devolve funds directly to them rather than to the MPs. Instead of directly spending money on civic services an MP ought to be lobbying for funds from the central government to reach local bodies and pushing for appropriate policy decisions. To ensure that services reach their constituents, the MP should monitor the functioning of the local bodies and leave them to do what they are best equipped to do: provide the civic services demanded by their constituents.

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