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New Rules for Utilisation of Funds under MPLADS

Why in news?

The central government recently revised rules governing the utilisation of funds under various central sector schemes (CCS), including the MP Local Area Development Scheme (MPLADS).

What is the MPLAD scheme?

- The MPLAD scheme is an ongoing **Central Sector Scheme** that was launched in 1993 by the then-Prime Minister P.V. Narasimha Rao to provide funds to MPs to facilitate developmental works in their constituencies.
- The Scheme enables the MPs to recommend works for creation of durable community assets based on locally felt needs to be taken up in their constituencies in the area of national priorities.
- **The Ministry of Statistics and Programme Implementation** has been responsible for the policy formulation, release of funds and prescribing monitoring mechanism for implementation of the Scheme.
- A District Collector, District Magistrate or District Commissioner is the correct authority to implement MPLADS.
- For municipal corporations, the Commissioner or Chief Executive Officer functions as the authority.

What are the key features of the scheme?

- The MPLADS is a funded by Government of India and the annual MPLADS fund entitlement per MP constituency is Rs. 5 crore.
- MPs are to recommend works costing at least 15% of the annual MPLADS entitlement for areas inhabited by SC populations and 7.5% for areas with ST populations.
- A ceiling of Rs. 75 lakh is stipulated for building assets by trusts and societies subject to conditions prescribed in the scheme guidelines.
- Lok sabha members can recommend works within their constituencies whereas elected members of Rajya sabha can recommend works within the state of election.
- The nominated members of both the houses can recommend works anywhere in the country.
- In case an elected MP wishes to contribute MPLADS funds outside the constituency or the State/UT, they can recommend work up to Rs 25 lakh in a financial year.

How is the scheme implemented?

- The annual entitlement of Rs 5 crore shall be released, in two equal installments of Rs 2.5 crore each directly to the District authority of the nodal district of the MP concerned.

- The role of an MP is limited to the recommendation of a project.
- The onus is on the district authority to sanction, execute and complete the recommended project within a particular timeframe.
- **Projects under MPLADS**
 - **Durable community assets**- Creation of durable community assets in infrastructure, electricity, drinking water, public health, sanitation, and education
 - **Non-durable assets**- The MP can make recommendations on non-durable assets only under special circumstances such as the provision of computers and books to schools or libraries, ambulances, assistance to bar councils and other matters, etc.
 - **Natural disasters**- MPs from non-affected States can also recommend projects in places ravaged by calamities like floods, cyclones, and earthquakes.

What is the status of MPLADS?

- The programme was [temporarily suspended](#) from April 2020 to November 2021 since the funds were diverted to manage the Covid-19 pandemic.
- In November 2021, the Centre restored the scheme and the MPs were given only Rs 2 crore for the remaining period of the fiscal year 2021-2022.
- Around 53% of funds released by the Centre under the MPLADS have been utilised for development projects since 2019.
- Official data shows that Rs 1,729.61 crore remain unspent with district authorities at present.

What were the recent changes made in the MPLADS rules?

- According to the 2016 guidelines, funds released to district authorities under the MPLAD scheme were not lapsable.
- The interest accrued on funds released to the district authority could be used for permissible works recommended by the concerned MP.
- Under the new rules, MPs will no longer be able to use interest accumulated on MPLADS funds for development works.
- The revised procedure requires these earnings to be compulsorily remitted to the Consolidated Fund of India (CFI).

The CFI includes all revenues received from direct and indirect taxes, interest earned and expenditure incurred by the government. A Parliament nod is needed to withdraw resources from the CFI.

References

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2. <https://vikaspedia.in/social-welfare/urban-poverty-alleviation-1/schemes-urban-poverty-alleviation/members-of-parliament-local-area-development-scheme>



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