



Funds Lapsed in MPLADS

Why in News

Recently, the **Standing Committee on Finance** has **criticised the decision of the Ministry of Finance** (Department of Expenditure) **for giving barely a week's time to the Ministry of Statistics and Programme Implementation (MoSPI)** for funding ongoing [Member of Parliament Local Area Development Scheme \(MPLADS\)](#) projects, owing to which 50% funds lapsed.

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Dire straits

Spending under MPLADS had already halved before the government suspended the scheme for two years on April 6, 2020 and diverted the funds to manage COVID-19

- On March 16, 2021, the Standing Committee on Finance (SCF) seeks funds to finish ongoing MPLADS projects. Department of Expenditure allots **₹2,200 crore** on the same day
- On March 22, the amount was transferred to Statistics Ministry with a caveat that it be exhausted by March 31
- **₹1,107.5 crore** utilised till March 31; balance of **₹1,092.5 crore** lapses

 **Unable to comprehend why ₹2,200 crore was allotted barely one week before the end of FY 2020-21**
SCF REPORT

Key Points

▪ Findings of the Committee:

- **Impact on the Projects:** The resultant funding crunch would have hit several local area development projects under implementation across the country.
 - Especially in the States that went to polls this year as no funds were released for these States and constituencies citing the [Model Code of Conduct](#).
- **Ad-hocism in Policy:** Under MPLADS, funds released to district authorities are not lapsable, while funds not released by the government in a particular year are carried forward.
 - However, the decision of the Ministry of Finance that made funds lapseable, **constitutes ad-hocism and a serious lapse in fiscal management** with

negative consequences for communities across India.

▪ About the MPLAD Scheme:

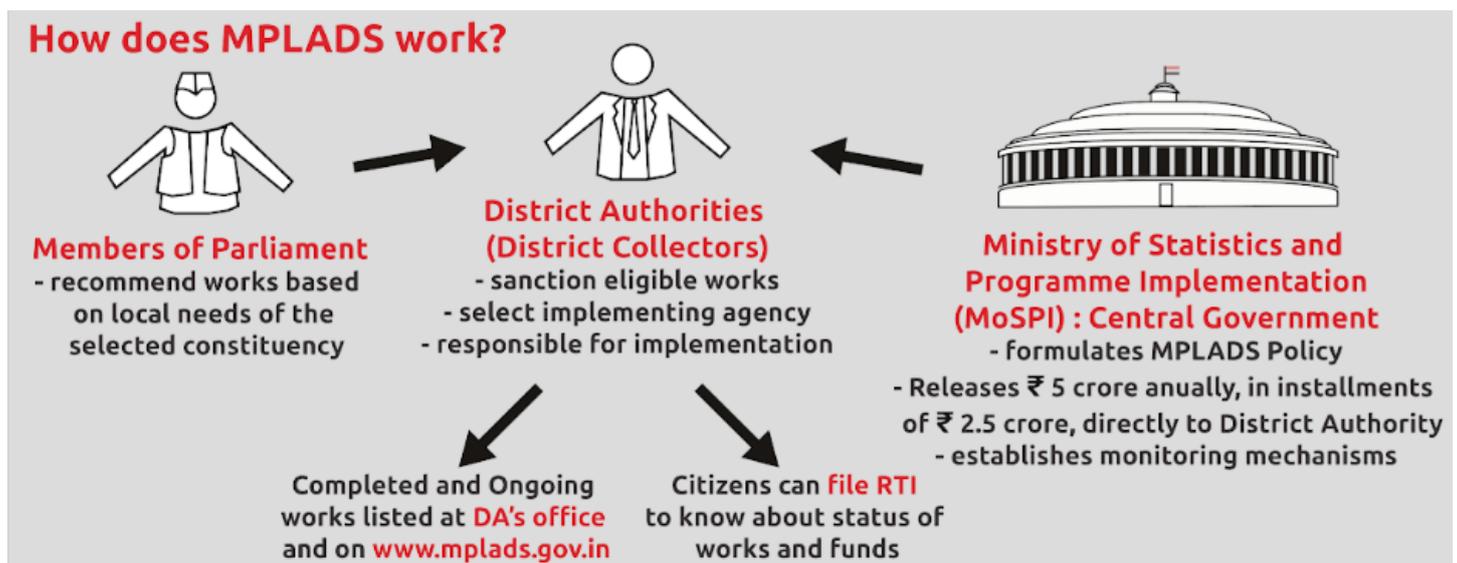
- MPLAD is a **Central Sector Scheme** which was announced in **December 1993**.
- The objective of the scheme is to enable the Members of Parliament (MP) to suggest and **execute developmental works of capital nature based on locally** felt needs with emphasis on creation of durable assets.
- Initially, it came under the control of the **Ministry of Rural Development**. Later, in October 1994, it was transferred to the **Ministry of Statistics and Programme Implementation**.

▪ Functioning:

- Each MP is granted **Rs. 5 crore under the scheme**, adding up to Rs. 3,950 crore a year for 790 MPs, to undertake development projects in their respective constituencies.
- **Lok Sabha MPs** have to recommend the district authorities projects in their **Lok Sabha constituencies**.
- **Rajya Sabha MPs** have to **spend it in the state** that has elected them to the House.
- **Nominated Members** of both the Rajya Sabha and Lok Sabha can **recommend works anywhere in the country**.

▪ Priority Projects:

- The projects include asset building such as drinking water facilities, primary education, public health sanitation and roads.
- Since June 2016, the MPLAD funds can also be used for implementation of the schemes such as **Swachh Bharat Abhiyan**, **Accessible India Campaign (Sugamya Bharat Abhiyan)**, conservation of water through rain water harvesting and **Sansad Aadarsh Gram Yojana**, etc.



▪ Other Issues Related to MPLADS:

- **Implementation Lapses:** The **Comptroller and Auditor-General of India (CAG)** has flagged instances of **financial mismanagement and artificial inflation** of amounts spent.
- **No Statutory Backing:** The scheme is **not governed by any statutory law** and is subject to the whims and fancies of the government of the day.
- **Monitoring and Regulation:** The scheme was launched for promoting participatory development but there is **no indicator available to measure level of participation**.
- **Breach of Federalism:** Union Government can incur expenditure only with respect to matters over which it has subject domain as per seventh schedule.

- **MPLADS encroaches upon the domain of local self governing institutions**

- and thereby violates [Part IX and IX-A](#) of the Constitution.
- **Conflict with Doctrine of Separation of Powers:** The Scheme disturbs the scheme of separation of powers under the Constitution, as **MPs are getting involved in executive functions.**

[Source: TH](#)

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