

Introduction

1.1 Introduction

The Member of Parliament Local Area Development Scheme (MPLADS) was introduced on 23 December 1993 to enable Members of Parliament (MPs) to create durable community assets based on local requirements in their constituencies.

The implementation of MPLADS is governed by guidelines initially issued in February 1994, which were revised from time to time, the last time in November 2005. The Scheme provides that a Member of Lok Sabha may select works for implementation in his/her constituency while a Member of Rajya Sabha may select works for implementation in one or more districts of his/her choice in the State from which he/she has been elected. Nominated MPs may select works for implementation in one or more districts of any State/Union Territory of their choice. The annual allotment to each MP is ₹ 2 crore from 1998-99. The MPLADS is a Plan Scheme fully funded by the Government of India and the funds released under the scheme are non-lapsable.

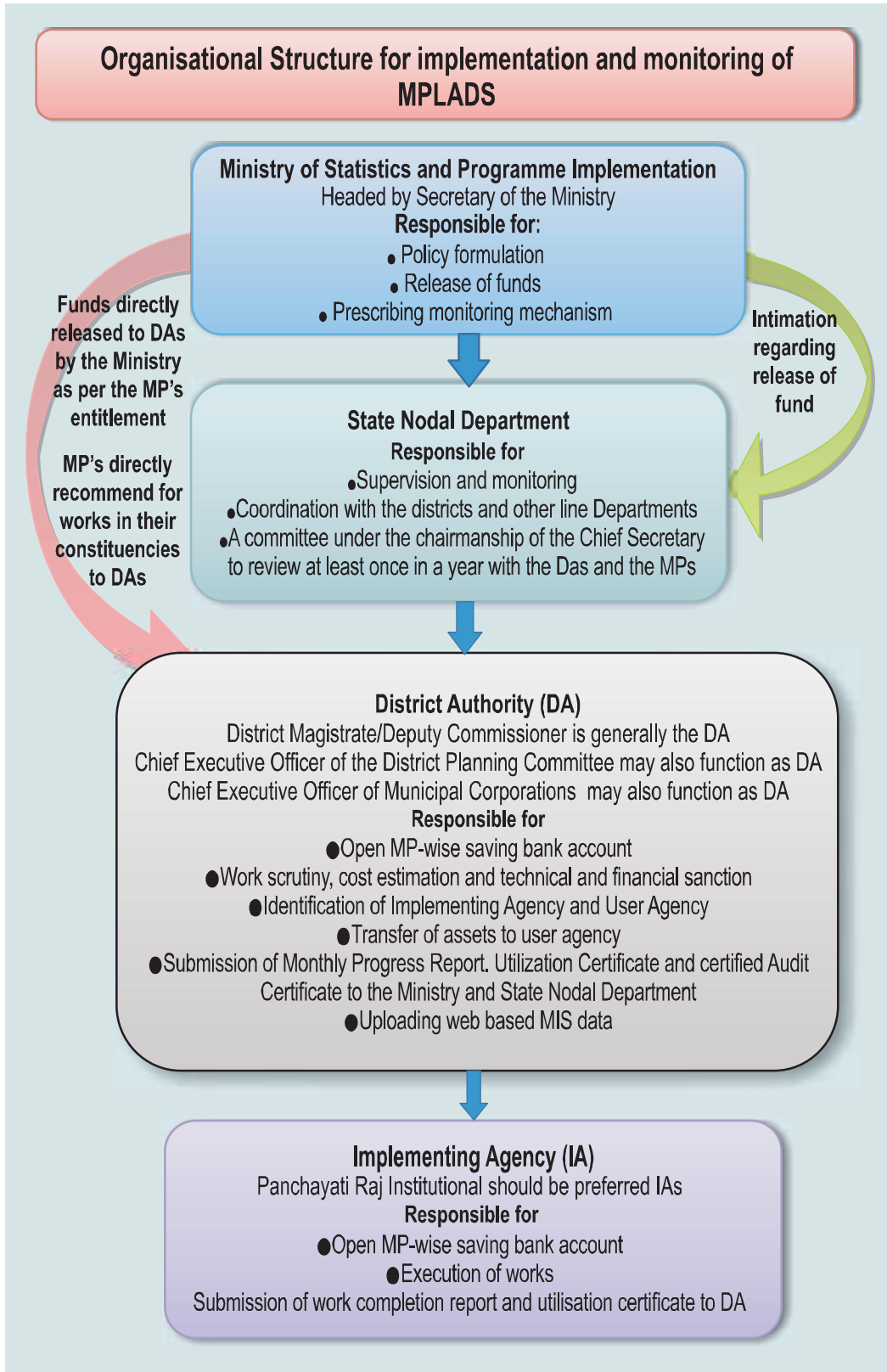
1.2 Objectives of the scheme:

The main objectives of the Scheme are to:

- (i) Carry out works of a developmental nature always available for public use, based on locally felt needs;
- (ii) Undertake works in areas affected by natural calamities;
- (iii) Give special focus to areas inhabited by Scheduled Caste (SC) and Scheduled Tribes (ST) population respectively;
- (iv) Construct community infrastructure and public utility buildings and works for a registered society/trust, subject to certain conditions.

1.3 Scheme implementation

At the Central level, the Scheme is administered by the Ministry of Statistics and Programme Implementation (henceforth referred to as the Ministry). A chart depicting the role of various authorities at Central, State and District level is given below:



1.4 Financial Management

1.4.1 Release of funds

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The Central Government releases funds of ₹ 2.00 crore per annum in two equal instalments of ₹ one crore, each directly to the DA under intimation to the State/UT Nodal Department and to the MP concerned. The DA and the IA deposit the funds in a nationalized bank with separate accounts being opened for each MP.

Funds released to the DA are non-lapsable and can be carried forward for utilization in the subsequent years. Further, the funds not released by the Government of India to the DAs till the end of financial year are surrendered/lapsed.

The interest accrued on the funds released under the scheme, is to be used for permissible works recommended by the MP concerned.

1.4.2 Budget estimates and expenditure

Under the Scheme, Government of India has released ₹ 19,425.75 crore from 1993-94 to 2008-09. Against total fund of ₹ 19,845.91 crore available with DAs (including ₹ 420.16 crore accrued as interest), an expenditure of ₹ 18,057.91 (91 *per cent*) was incurred. Annual budget allocations, funds released total funds available with the District Authorities, annual expenditure and unspent balances under the scheme during the five years' period (2004-05 to 2008-09) are contained in Table 1.1:

Table 1.1: Budget estimates, funds released, expenditure and unspent balance

(₹ in crore)

Year	Budget estimates	Funds released	Unspent balance of previous year available with DAs	Interest earned on unspent balance	Total funds available with the DAs	Expenditure incurred during the year	Closing Balance	Per cent utilisation of available funds
(1)	(2)	(3)	(4)	(5)	(6)= (3)+(4)+(5)	(7)	(8)= (6)-(7)	(9)= (7)*100/(6)
2004-05	1,580.00	1,310.00	2,404.26	42.35	3,756.61	1,909.11	1,847.50	50.82
2005-06	1,580.00	1,433.90	1,847.50	34.29	3,315.69	1,382.63	1,933.06	41.70
2006-07	1,580.00	1,451.50	1,933.06	31.57	3,416.13	1,278.71	2,137.42	37.43
2007-08	1,580.00	1,470.55	2,137.42	35.12	3,643.09	1,506.45	2,136.64	41.35
2008-09	1,580.00	1,580.00	2,136.64	42.99	3,759.63	1,971.63	1,788.00	52.44

(Source: Ministry of Statistics and Programme Implementation)

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The year-wise position of utilisation out of the total funds available during the year (sum of opening balance, funds released during the year and interest accrued on unspent balance) and expenditure incurred there-against is graphically depicted below, which suggests that expenditure was even less than the opening balance and interest earned thereon in each year. Release of funds was thus not regulated on the basis of fund availability with the DAs.

