

50% funds allotted for ongoing MPLADS projects lapse

Parliamentary panel calls it a 'serious lapse with negative consequences'

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Virtually half of the belated ₹2,200 crore allotted for completing the ongoing MPLADS projects in 2020-21 simply lapsed, as the Finance Ministry granted "barely a week" to the Ministry of Statistics and Programme Implementation (MoSPI) to release the funds – inviting the ire of the Standing Committee on Finance.

The resultant funding crunch would have hit several local area development projects under implementation across the country, especially in the five States that went to polls this year as no funds were released for these States and constituencies citing the model code of

conduct (MCC).

Spending under the Members of Parliament Local Area Development Scheme (MPLADS) had already halved before the government suspended the scheme for two years in April last year and diverted the funds for managing the COVID-19 pandemic.

From ₹5,012 crore spent during 2018-19, an expenditure of just ₹2,491.45 crore was taken up under the scheme in 2019-20.

Unfinished projects

Each MP is granted ₹5 crore under the scheme, adding up to ₹3,950 crore a year for 790 MPs, to undertake development projects in their respective constituencies. After

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

the scheme's suspension, several MPs and parliamentary committees, including the Standing Committee on Finance (SCF), had asked the government to release MPLADS funds due from previous years for projects already sanctioned.

On March 16 this year, an

SCF report on the Statistics Ministry's demands for grants pointed out that many MPLADS projects that began earlier were "left unfinished midway despite the sanction letters being issued and funds for the same were withheld", citing the suspension of the scheme. The pa-

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SCF REPORT

nel had sought the release of funds for these projects so that MPs could fulfil their promises to the public.

Condition attached

The very same day, the Department of Expenditure (DoE) conveyed its intent to allot ₹2,200 crore for such projects to the Statistics Ministry. However, the actual allotment of funds by the Department of Economic Affairs (DEA) took place on March 22, with the condition that the funds must be spent or allotted further for eligible projects "within financial year 2020-21 itself, so that the amount is not lapsed".

The Statistics Ministry said it cleared eligible proposals received till March 31 noon, amounting to ₹1,107.5 crore, leading to a balance ₹1,092.5 crore lapsing.

In a fresh report tabled in

Parliament on Tuesday, the SCF headed by BJP MP Jayant Sinha sharply criticised this "ad-hocism" and noted: "The Committee are unable to comprehend the reason as to why ₹2,200 crore were allotted to MoSPI barely one week before the end of FY 2020-21... This constitutes a serious lapse in fiscal management with negative consequences for communities across India."

"Only those proposals which were not found eligible due to lack of documents and non-fulfilment of eligibility criteria as per MPLADS guidelines, and in those districts where the model code of conduct was under implementation due to Assembly elections in five States/UT and by-elections in some constituencies, the Ministry was not able to release pending instalments," MoSPI in-

formed the committee.

The Statistics Ministry said it wrote to the Finance Ministry on April 7 to allot the remaining funds towards MPLADS this year so that the pending instalments as on March 31, 2020 may be released.

'Tighten norms'

The Finance Ministry also asked the Statistics Ministry to further tighten the scheme's guidelines by September this year, so that "if a work sanctioned by an MP is not used for five years, it will automatically lapse even if there is a committed liability for the work to be completed".

Currently, funds released to district authorities under MPLADS is not lapsable, while funds not released by the government in a particular year are carried forward.