Members of Parliament Local Area Development Scheme (MPLADS)

Why in news?

Parliamentary Standing Committee has recently suggested to the Ministry of Finance for waiving off GST from MPLADS to enhance the effectiveness of the scheme.

- **MPLADS** – Also known as *MP Local Area Development Scheme*, is a *Central Sector Scheme* through which each Member of Parliament (MP) in India receives *Rs5 crore annually*.
- The scheme was *launched in 1993* and is *fully funded by the central government*.
- **Ministry** – Ministry of Statistics and Program Implementation.
- **Implementation** – The funds are *routed to the district authorities*, who implement the work.
- **Role of MPs** – They identify the works for creating durable community assets for their respective constituencies.

  *The **Rajya Sabha MPs** can recommend works in one or more districts in the State from where he/she has been elected.*

  *The **Nominated Members** of the Lok Sabha and Rajya Sabha may select any one or more Districts from any one State in the Country for implementation of their choice of work under the scheme.*

- **Sectors** – The funds can be utilised across *11 specific sectors*, including infrastructure, education, health and others.

Issues with MPLADS

- **e-Sakshi portal** – The committee also observed that members are facing *several issues in the e-Sakshi* portal and it needs improvement.

  ***eSAKSHI portal** was launched on April 1, 2023 to provide an end-to-end solution for efficient and transparent implementation of the MPLAD scheme.*

- **Significant Decline in Funds** – The total funds released during the 17th Lok Sabha were Rs4,510 crore, a *65.2% decrease* compared to the previous Lok Sabha.
- This decline is largely attributed to the freezing of MPLADS funds for two years due to the COVID-19 pandemic.

- **GST** – The committee believes the 18% GST imposed on work done under the MPLADS *significantly reduces the scheme's effectiveness*.
- **Inadequate Capital** – The amount allotted is *insufficient to address all the problems*, as districts have numerous and diverse requirements.
- **Disparity in sectors** – Funds are mainly disbursed for developing facilities like Railways, roads, pathways, and bridges and other *public facilities including education received less amount relatively*.

References

1. Business Standard | calls for GST relief on MPLAD fund
2. MPLAD website | About MPLAD
3. Business line | Decrease in MPLAD Fund

