



## ***MLA Local Area Development Scheme***



Health Centre for body-building?





## ***MLA Local Area Development Scheme***

### **At a Glance**

#### **Functions**

This scheme enables each MLA to undertake small developmental works in his/her constituency through the allocated funds of Rs 2 crore per year.

#### **Findings**

- Widespread occurrence of 'storming,' i.e expenditure spree in the final years of the five-year plan period.
- The percentage of expenditure to allocated funds was 3.6% during 1999-2000 which rose to 52.2% in 2002-03.
- In the year 2002-03, the Municipal Corporation of Delhi (MCD) failed to spend even 50% of the funds at its disposal from the MLA Local Area Development Scheme.

#### **Reforms**

- The requirement that all works under this scheme can be done only through government agencies should be removed.
- Government agencies can compete along with private parties in an open competitive bid.
- MLAs should be authorised to invite tenders, contract for the work, and oversee completion of the work. All the details of the contract and payments along with monthly progress reports should be made available on the website of the MLA.
- The Urban Development Department (UDD) should assist in the process by putting up all tender notices, submitted bids, and the selected bid on its website. The selected bid will specify the nature of the work, time schedule, and payment details. The UDD should update the progress report on the work as and when one-fifth of the total payment is made.





## ***MLA Local Area Development Scheme***

Following the Member of Parliament (MP) Local Area Development Scheme (LADS), the Delhi government framed MLA LADS where a MLA could recommend works to be carried out in his/her constituency. The Scheme was started in the year 1994-95 with an allocated fund of Rs 1 crore per MLA per year. The amount was increased to Rs 1.40 crore in 1999 and then to Rs 2 crore in 2001, where each individual project cannot exceed Rs 70 lac. In special cases, the limit can be relaxed, but not more than Rs 70 lac can be utilised in a project per year. Bigger projects can spill over to the coming years.<sup>1</sup> Due to overallocation during the election years, each MLA is allocated Rs 1.90 crore at present.

Despite the fact that most constituencies in the Capital are invariably waiting for improvement in civic amenities, only 50% of the available funds are generally spent.

### **Procedure**

All MLAs are required to give Rs 1 crore per year to the Municipal Corporation of Delhi (MCD). The Urban Development Department releases this fund at the beginning of the year to the MCD. MLAs can allocate the remaining Rs 90 lac among the following civic agencies:

1. Department of Flood Control
2. Public Works Department
3. DISCOMS—Distribution Companies of the Delhi Vidyut Board
4. Delhi Jal Board
5. Delhi Tourism and Transport Development Corporation
6. Delhi State Industrial Development Corporation
7. Slum & *Jhuggi Jhopri*, MCD

However in the year 2002-03, out of 70 MLAs, 33 allotted the remaining Rs 90 lac also to MCD. The MCD gets more than 70% of the total MLA LADS funds.

When a MLA wants to get a work done, h/she sends a request to the agency chosen for the job. The agency gets back with an estimate for the consent of the MLA. On obtaining the consent certificate from the MLA, the agency gets the money released from the Urban Development Department. If the work is worth Rs 2 lac and above, the agency is required to place a newspaper advertisement and conduct an open bid.

### **Features**

The works recommended under this scheme should conform to the general pattern of programmes and projects being implemented by the local bodies. These works will be sanctioned and implemented in the same manner as the other works. Wherever required, technical and administrative sanctions are given after following the departmental procedures applicable to the local bodies and other government departments. The actual expenditure should in no case exceed the sanction.

The works under this scheme are primarily asset creation works and no purchase of inventory, equipment or revenue expenditure is allowed. Only those works which can be completed in one or two years and lead to the creation of durable assets should be executed where each individual work should not normally exceed Rs 70 lac.

### **Choice of the Projects**

The works to be undertaken under MLA fund scheme should be for a public purpose only and not a private purpose. The works that can be taken up under this scheme fall under the following broad categories:

1. Construction of school buildings
2. Construction of community halls/ *barat ghars/ chaupals*
3. Construction of subways wherever found technically feasible
4. Hostels specially for working women or girl schools
5. Public libraries
6. Construction of culverts, bridges/ foot bridges
7. Public toilets at different locations
8. Sports complexes
9. Crematoriums or development of burial grounds
10. Construction of tube wells and water tanks for providing drinking water to the people in the villages, towns or cities, or execution of other works which may help in this respect

11. Construction of roads and drains including part roads, approach roads, link roads, approved by lay-outs
12. Sanitation
13. Parks
14. Computers in school
15. Street lighting
16. Provision of common services/ community services including maintenance of group toilets, courtyard, common path and similar other services.

The following works are not be allowed under the scheme:

1. Office buildings, residential buildings and other buildings relating to central or state governments, departments, agencies and organisations
2. Works pertaining to commercial organisations, trusts, registered societies, private institutions or cooperative institutions
3. Repair and maintenance works of any type other than special repairs for restoration/ upgradation of any durable asset
4. Grants and loans
5. Memorials or memorial buildings
6. Purchase of inventory or stock of any type
7. Acquisition of land or any compensation for land acquired
8. Assets for an individual benefit, except those which are part of approved schemes
9. Places of worship

### **Problems**

Table 1 speaks volumes about the problem of 'storming.' During the five-year tenure, MLAs as a rule spend the most in the last two years and the least in the first year after their election. It is difficult to decipher whether this is due to delays on the part of MCD and other civic agencies or due to lack of initiative from MLAs. Table 2 gives the agency-wise break up of the funds available and the expenditure as a percentage of that figure. In the year 2002-03, MCD failed to spend almost half the funds at its disposal. In total, only 50.59% of the available funds were spent.

Two main problems that MLAs seem to face are the difficulties in getting any MCD Junior Engineer to work out the estimates and prepare tenders, and then abandonment of work by contractors. Every

**Table 1: Consolidated Statement of MLA Funds (Rs in lac)**

Year	Total Balance/ Release	Expenditure Incurred	Unspent Balance	Expenditure as % of Total Balance
1999-2000	776.78	28.22	748.56	3.63
2000-2001	2,032.11	381.24	1,650.87	18.76
2001-2002	3,969.80	2,914.95	1,054.85	73.42
2002-2003	11,956.09	6,241.73	5,714.36	52.20
<b>Total</b>	<b>18,734.78</b>	<b>9,566.14</b>	<b>9,168.64</b>	<b>48.93</b>

Source: Government of NCT Delhi. 2003. Consolidated MLA Statement 2002-03. Department of Urban Development

Table 2 gives the tentative progress report for the year 2002-03 as on 31 March 2003.

**Table 2: Agency-wise Expenditures (Rs in lac)**

Name of the Agency	Funds Released for 2002-03	Unspent Balance of Earlier Years	Total Fund Available	Expr	Unspent Balance	Expr as % of Total Fund Available
MCD	11,919.27	6,778.69	18,697.96	9,566.14	9,131.82	51.16
NDMC	435.00	261.46	696.46	425.92	270.54	61.15
DJB	158.23	246.96	405.19	242.71	162.48	59.90
I&FC	326.90	72.94	399.84	212.08	187.76	53.04
DDA	47.50	—	47.50	—	47.5	0.0
PWD	4.70	—	4.70	—	4.70	0.0
S&JJ	65.11	—	65.11	# <sup>2</sup>	65.11	0.0
DVB	4.23	NR	343.29	4.23	339.06	1.23
Discom	339.06 <sup>3</sup>	—	—	—	—	—
<b>Total</b>	<b>13,300.00</b>	<b>7,360.05</b>	<b>20,660.05</b>	<b>10,451.08</b>	<b>10,208.97</b>	<b>50.59</b>

Source: Government of NCT Delhi. 2003. Consolidated MLA Statement 2002-03. Department of Urban Development

Expr: Expenditure, MCD: Municipal Corporation of Delhi, NDMC: New Delhi Municipal Council, DJB: Delhi Jal Board, I&FC: Irrigation and Flood Control, DDA: Delhi Development Authority, PWD: Public and Works Department, S&JJ: Slums & Jhuggi Jhopri, DVB Discoms: Delhi Vidyut Board Distribution Companies; NR: Not Reported

time the contractor walks out, re-tendering of the work is done, which delays the work by another several months. Moreover the bidding process in MCD is very opaque and frequently leads to conflicts between contractors, which at times results in violence and even death.



### Reforms

- The requirement that all works under this scheme can be done only through government agencies should be removed.
- Government agencies can compete along with private parties in an open competitive bid.
- MLAs should be authorised to invite tenders, contract for the work, and oversee completion of the work. All the details of the contract and payments along with monthly progress report should be made available on the website of the MLA.
- The Urban Development Department (UDD) should assist in the process by putting up all tender notices, submitted bids, and the selected bid on its website. The selected bid will specify the nature of the work, time schedule, and the payment details. The UDD should update the progress report on the work as and when one-fifth of the total payment is made.

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### Notes

- <sup>1</sup> Government of NCT Delhi. 2003. *Revised Guidelines, Delhi MLA LADS 2002-03*. Department of Urban Development
- <sup>2</sup> #Work of Rs 21 lac awarded. Rs 31 lac tenders in process and works of Rs 13 lac will be executed after taking over site from the Education Department
- <sup>3</sup> Funds released include Rs 223.79 lac to Bombay Suburban Electricity Supply Rajdhani Power Limited, Rs 50.24 lac to Bombay Suburban Electricity Supply Yamuna Power Limited and Rs 50.98 lac to North Delhi Power Limited

### References

Government of NCT Delhi. 2003. *Revised Guidelines, Delhi MLA LADS 2002-03*. Department of Urban Development



