

MLA-LADS:

A Look into the Loopholes and Corrections

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By

Paras Malhotra

Priyank Jain

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1. Introduction

MLA-LADS as started in 1993 has been undergoing various changes; the latest being the funds being totally put at the discretion of MLAs instead of allocating a particular amount to MCD. The scheme directs MLAs to create durable community assets in a constituency and allocate funds according to a specific procedure as mentioned in the Scheme. 80% of the funds are reported to be used for repair and maintenance whereas it is not specified under scheme to fund repair works.

The scheme has been misinterpreted and lead to misrepresentation in form of MLA doing the work of executive in the constituency. If some works are not being done on time, the MLA is punished on the vote front regardless of his allotment of work to the civic agencies. This misrepresentation is leading to overlap of functions and multiplicity of authorities. Hence, no decentralization is taking place.

One of the foundations of the scheme is monitoring the works of MLA by setting up a committee but no committee has been formed or no current practice has been adopted to ensure proper functioning of the system. Since the nodal agency is UDD, it should send project reports, issue of work orders by MLAs and certificate of utilization to MLAs to the RWAs so that accountability is maintained in the system. CAG report has highlighted that many works had been issued and the funds allocated without the certificates being given to MLAs. The Government of Delhi and the primary implementing agencies viz. MCD and NDMC should introduce a system of online tracking and monitoring of execution of works so as to enable timely action against contractors for delay in execution and completion.

The ongoing works or the works carried out should have detailed information displayed on a board regardless of the MLA who has performed it. This helps in democratization of information and is a step towards better governance.

As per now even if the money is not booked for 3 consecutive years, the amount is non-lapsable and rolls over to 3 subsequent years. This leads to a political business

cycle where money is mostly unspent for first 3 years and most of the amount is spend in the pre-election spending spree. There have been cases where the funds have been rolled after 15 years. The present practice blocks funds for other projects. Hence, the unused funds need to be given back to the finance ministry instead of roll-over.

The works which involve asset creation lead to indecision regarding the maintenance of the work. The MLAs should issue directives to UDD to take into consideration the maintenance issues after the construction and allot it to the authorities concerned. Though MLA must not issue separate funds for the maintenance as the scheme does not permit it.

After the release of funds, it is the implementation part which is mostly faulty and time consuming. The UDD has shown many irregularities in this regard and has been incompetent at various moments. For example - UDD released discretionary funds to implementing agencies in 59% cases without ascertaining the nature of work or obtaining the estimates. Delays up to two years in award of work to contractors were noticed in 1555 cases. Contractors failed to commence 117 works costing Rs. 3.43 crore. Audit noticed that 538 works remained incomplete despite expenditure of Rs.14.20 crore. Another 952 works were completed late with delays of more than two and a half years. Hence, monitoring UDD in this regard is very much essential. The estimation need not be prepared by UDD, rather the agency which carries out the work should be making the estimates and then the money can be allotted. Due to delay in estimation process, UDD delayed the release of money in 27% of cases in 2005.

The delay in release of funds is also related to haphazard planning of work allotment. Presently no structure is in place which regulates priority of projects and allocation of funds according to that. Most of the projects linger on till monsoons and result in wastage of funds due to wastage of material and increase the time lag in the present work. Hence, proposals for major works (maybe greater than 20 lacs) should be sent in the first month of the year. This will result in early release of funds and early commencement of work. Work order should be issued within 60 days after the release of funds.

In some cases, the works overlap with other schemes and hence, the money from MLA funds gets exhausted whereby the funds stipulated for the work under different schemes remain unutilized. Various schemes should be considered before work allotment by the UDD. The framework in place neither permits efficient working by MLAs nor proper utilization of funds. Hence, improving the monitoring mechanisms by the UDD and making the system transparent by getting citizens involved in the process can help improve the scheme but the measures will still not refute the fact that legislature is encroaching the functioning of executive, may be for better.

2. Methodology

The method of research involved inquisition into the working of system by meeting MLAs, field experts from different NGOs, MCD personnel, RWA Association President, etc. The information collected was supported with facts and recommendations from secondary data in form of CAG Reports, MLA-LADS scheme of different states and reports from Planning Commission. So, most of the facts are based on secondary data but conclusions are based on primary data collected during field visits. The methodology involved the following steps in chronological order:-

1. Collection of facts and data
2. Scrutinizing various reports
3. Obtaining ground picture by making interviews and simultaneously collection of facts
4. Solving the problems by giving recommendations

3. MLA – Local Area Development Scheme

The MLA – LADS started in 1994-95. The purpose of this scheme was to delegate authority and empower the MLAs to recommend developmental works in their respective constituencies with emphasis on creation of durable community assets based

on locally felt needs. Thus the work of MLA as proposed by the scheme is of capital nature.

The nodal department through which MLA uses funds in order to carry out the work is Urban Development Authority (UDD). The MLA deals with various agencies through this agency only. UDD is responsible for keeping the record of funds proposed by MLA for various works and is liable under RTI to provide all the information regarding a particular MLA's work.

The Scheme gives the provision to MLA to ask various authorities to perform individual works in its area. The primary agencies which implement MLAs works are:

1. MCD
2. NDMC
3. DJB
4. I&FC
5. DDA
6. PWD
7. DCB
8. DTTDC
9. DSIDC
10. DISCOMs
11. Jhuggi Jhopri Wing
12. Education Department

The scheme gives an aggregate fund of 2 crores for the MLA to spend in one year duration. These are mandatory or discretionary works. The upper cap on an individual project is Rs. 70 lakhs. Before June 1, 2009, Rs. 1 crore had to be given to MCD but now the entire amount is on MLA's discretion.

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 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

The figure shows the percentage of funds spent by different agencies. It has been a trend that MCD has been the primary agency using more than 85% of the funds in subsequent years.

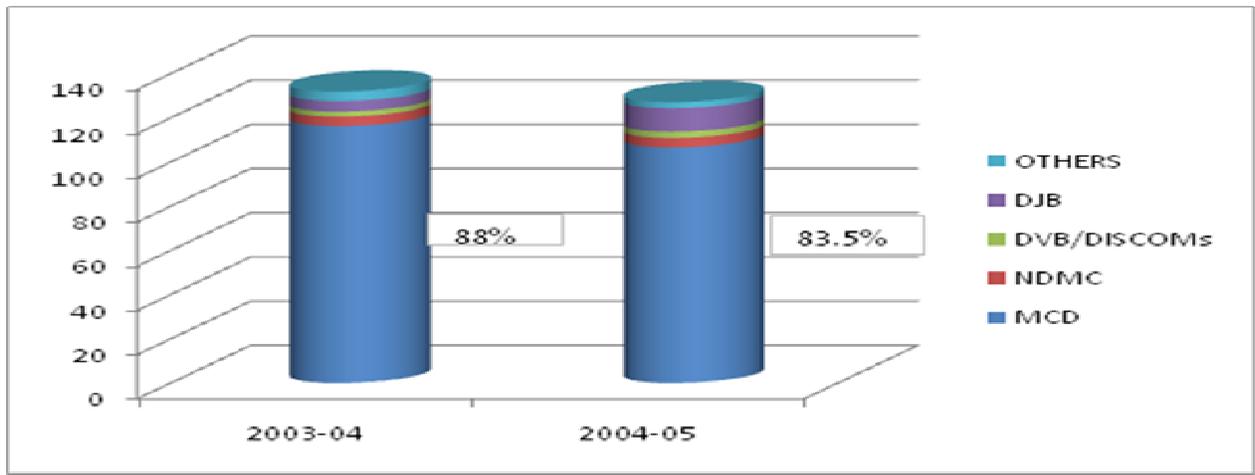


Figure 1 (source: CAG report, 2005)

The operations carried out by the MLA under MLA – LADS has been shown in figure 2 and has also explained the bodies involved. The scheme has a feedback mechanism for the MLA but does not involve the end user i.e. the citizens.

Flow of the work proposals:

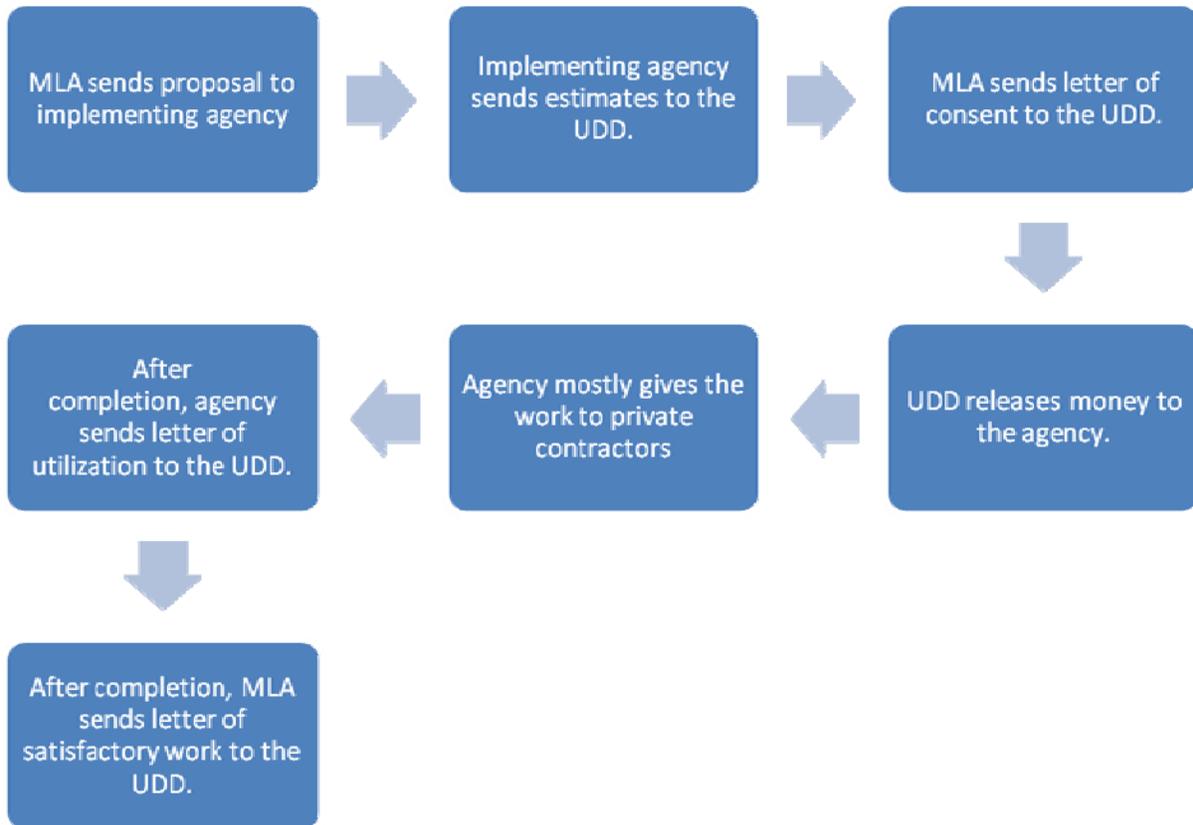


Figure 2 – Flow of Work Proposals

The UDD acts only as a facilitator between the MLAs and the agencies. The letter to start the work and the compliance letter is given by MLA to UDD which in turn monitors the work under consideration.

4. Decentralization

With the advent of 1993 came two important amendments in the constitution, 73rd and 74th. They focused on decentralization of power and duties and creation of local political bodies. The democratization and fiscal empowerment of the local political bodies will create institutions that are more accountable to local citizens and more appropriate to local needs and preferences. Municipal Corporations and Gram Panchayats are the key local bodies.

With the same argument MP LADS and MLA LADS were started in 1994. The argument given was that often common people approach to MLAs to get small works in the constituency done. To get these works of necessity done fast and swiftly, MLAs need some funds at their discretion. But, MLAs are no local authorities as they are elected for state level planning and the Municipal Councilors are responsible for the maintenance and repair works. Hence, due to this scheme there is overlapping of functions of local bodies. Hence, due to multiplicity of authorities, no decentralization is there.

According to Second Administrative Reform Commission, 2007 MP/MLA LADS should be scrapped because the Schemes "seriously erode the notion of separation of powers, as the legislator directly becomes the executive".

5. Asset Creation

The scheme envisaged creation of durable community assets. However, it's seen that 80% of the works are of repair and maintenance nature. Works like roads, drains, footpath, parks should be left to the local bodies and establishment of Anganwadi , creches, sub ways, working women/girls hostels, sports complexes, garbage collection centers, Bus ' Q' shelters, common shelters for the old/handicapped should be included in the list. The MLALADS does not directs the MLAs to purchase the inventory or equipment, repair and maintenance, construction of memorials, works in places of religious worship, acquisition of land or any work carried out for individual benefits.

CAG Report, 2005 says that 80% of the works were primarily of repair and maintenance which is a clear indication of the misuse of the scheme.

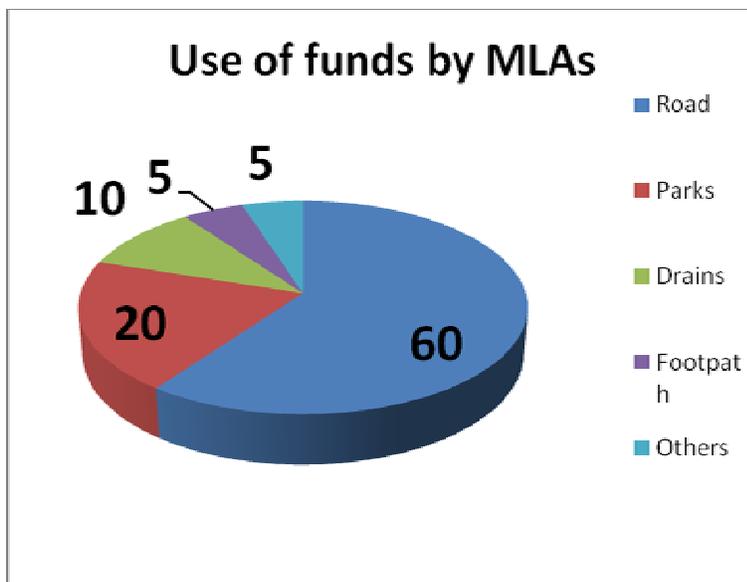


Figure 3 – (Source: Satark Nakrik Sangathan, report Cards of MLAs, 2008)

According to CAG Report, 2005, 72 per cent of the works recommended by MLAs during 2000-05 were for improvement of assets like roads, lanes, drainage systems etc. The figure hence shows that improvement of roads is the main preference of the MLAs but it comes under MCD or PWD. Also, in asset creation, only those works should be taken which can be completed in a course of one year as compared to present time limit of two years.

6. Political Business Cycle

As per now even if the money is not booked for 3 consecutive years, the amount is non-lapsable and rolls over to 3 subsequent years. This leads to a political business cycle where money is mostly unspent for first 3 years and most of the amount is spend in the pre-election spending spree. For example - Funds unutilized from 1993-2008 were redistributed in early 2009 at the rate of 85 lakhs per MLA.

Fund Utilization by MCD:

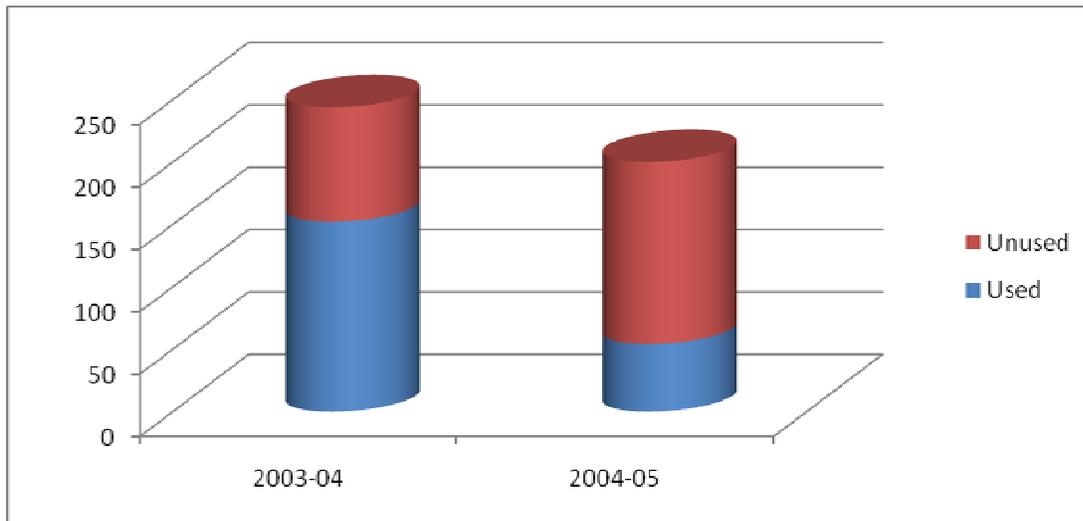


Figure 4 – source (CAG report, 2005)

Any amount which remains un-allotted by MLAs should be surrendered back to the Finance department at the end of every financial year.

7. Maintenance Issues

Since the work allotted by MLAs is primarily of maintenance nature, work should be allotted only after having a contract with either certain government agency or the beneficiary clearly indicating who will be responsible for the maintenance and subsequent expenditures. This will bring in more accountability in the system as a whole. As per guidelines, funds under the scheme cannot be used in maintenance areas.

Also, in case of new assets being created, their maintenance issues need to be addressed. According to CAG-2005, 113 works of Rs.2.05 crore lying in deteriorated condition/not in use for want of maintenance. Hence, after creation of new assets, their maintenance should be directed to some state body or MCD so that the maintenance is not ignored.

Public Library at Hari Nagar



Figure 5 – Public Library at Hari Nagar

7. Democratization of Information:

The Information about the schemes and the works going on in a particular area should be made available to the public. In most of the cases, these works applied to UDD and the various agencies are not known to public. This results in citizens to perceive that their elected MLA has not applied to a particular project or not listened to the grievance of the public regarding a particular project. The MLAs need to democratize the information using following measures:-

1. UDD should send quarterly reports regarding release of funds, issue of work orders and certificate of utilization to the MLAs.
2. Copies of these reports should be sent to all the RWAs in the constituency by UDD, registered under society registration act.
3. Notice boards displaying the relevant information – scheme, location of work, time frame, contractor involved should be erected at the site of work. This practice is prevalent in MPLADS.
4. Apart from the prescribed boards which should give the details about the scheme, no other boards for publicity should be put by public funds. These boards work as an advertisement which is undesirable as they use tax payers' money to erect the boards.
5. Utilization of the fund should completely be at the discretion of the MLAs and they should not be directed to allocate funds in specific areas (SC/ST) or works (roads/parks). Some MLAs said that such directions are given time to time. If the direction is given, then the purpose of the scheme is defeated and it becomes a vote bank politics playfield.

8. Monitoring and Supervision:

MLA-LADS asks the govt. to setup a Monitoring committee envisaged in the scheme but it has not been setup till now. So there are two basic problems:-

1. There is no monitoring authority to check whether the work is undergoing according to the framework or not. In MP-LADS, Nodal agency sends monitoring reports to the MPs every 2 months. Similar measures should be taken for MLA-LADS.
2. The certificate of satisfactory work is required to be submitted to UDD by the MLAs. Since, it is the citizen that is directly affected from the MLAs work, RWAs should be allowed to provide a report on his work.
3. Also, the assets created should be registered to verify them and allocate funds to the assets.
4. Government of Delhi and the primary implementing agencies viz. MCD and NDMC should introduce a system of online tracking and monitoring of execution of works so as to enable timely action against contractors for delay in execution and completion.

9. Time Frame

As per the present guidelines, there is no time frame or deadline in place for any project to be undertaken or ongoing. In order to regulate the system and put deadlines in place:-

1. Work order needs to be issued within 60 days after the release of funds. If for any reasons, work is delayed further, a report in this regard is to be sent to the concerned MLA and to the Principal Secretary, UDD.
2. A suitable time frame should be fixed in the beginning of a financial year for receipt of proposals from MLAs for execution of works under the scheme instead of throughout

the year. Proposals once received should be expeditiously processed so as to enable their execution within the same financial year.

3. A shelf of projects could be created and execution of works prioritized for each Assembly constituency in consultation with the concerned MLA which could be taken up for progressive execution within a particular financial year. This would enable proper planning with reference to available resources and reduce ad hocism in execution of projects and the tendency to fritter away public funds over a large number of works.

10. Time bound decisions:

The funds used by the projects, especially the asset creation projects, go waste when the project commencement takes place near monsoon. The recognition of asset works is not an emergency hence it can be given at any time.

1. The MLAs should identify the major works (say > 20 lac) and send the proposals in the first quarter of the calendar year. This will help start the project before monsoon and will lead to less wastage of funds. The measure will aid civic agencies to organize the works and allocate the resources according to the timeline. The measure will enable better planning of the works.

2. For durable community assets creation, clubbing with other schemes should be allowed. The measure will help in allocation of funds. It will also ensure better maintenance.

11. Abbreviations Used:

- Municipal Corporation of Delhi (MCD),
- The New Delhi Municipal Council (NDMC),
- The Delhi Jal Board (DJB),
- The Irrigation and Flood Control department (I & FC),
- The Delhi Development Authority (DDA),
- the Public Works department (PWD),
- The Delhi Cantonment Board (DCB),
- The Delhi Tourism & Transportation Development Corporation (DTTDC),
- The Delhi State Industrial Development Corporation (DSIDC),
- The electricity distribution companies (DISCOMs)
- Urban Development Department (UDD)

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