

F. No. 3/(07)/PFMS/2022
Government of India
Ministry of Finance
Department of Expenditure

North Block,
New Delhi, 27th September, 2022

OFFICE MEMORANDUM

Subject: Revised procedure for flow of funds under Central Sector Schemes – Relaxation sought by Ministry of Statistics & PI regarding MPLADS Scheme.

The undersigned is directed to refer to the Ministry of Statistics & PI (MoS&PI) OM No. C-65/2019-MPLADS dated 31st August, 2022 on the above mentioned subject. A meeting was held with officials of MoSPI and DoRD (MGNREGA division) on 23rd September, 2022 in this regard.

2. The matter has been examined in this Department in consultation with O/o CGA and it is conveyed that -

- i. The MPLADS scheme may be implemented under Model-2 of DoE's guidelines dated 9th March, 2022.
- ii. Relaxation from provisions of para 3(viii) of DoE's guidelines dated 9th March, 2022 regarding remitting of interest earned from the funds to the Consolidated Fund of India (CFI) is granted to MPLADS scheme till 30th September, 2023. Before the end of the relaxation period, MoSPI should either shift the implementation of the MPLADS scheme from Model-2 to Model-1 or adopt an implementation model on the lines of MGNREGA (wages) as discussed in the meeting held on 23rd September, 2022.
- iii. The scheme may be implemented through a Project Management Unit (PMU) which may work as CNA provided that the PMU is a separate entity from the Government PAOs/DDOs.
- iv. In partial modification of the para 3(x) of DoE's guidelines regarding release of not more than 25% of the funds in a single instalment, it has been decided that MoSPI shall not release more than Rs. 200 crore in a single instalment to the CNA account.
- v. Before release of any instalment of funds to the CNA account, MoSPI should ensure that balance funds in the CNA account do not exceed Rs. 50 crore. To facilitate swift transfer of funds, the program division of the Department may obtain administrative approval of the competent authority and financial concurrence of the Financial Adviser in one go for release of more than one instalment but not for more than 50% of the allocated amount.
- vi. MoSPI should ensure that the unspent balance lying in the bank accounts of Sub Agencies is returned to the CNA account. Relaxation to release funds to the CNA account and issue authorization to incur expenditure to those Sub Agencies (SAs) who have returned the entire unspent balance to the CNA account without waiting for all SAs to return the unspent funds to the CNA has already been provided vide DoE's OM No. 1/(18)/PFMS/2021 dated 14th September, 2022.

- vii. Apart from the abovementioned relaxations, the provisions of the DoE's guidelines dated 9th March, 2022 should be strictly adhered to.
3. This issues with the approval of competent authority.

Prateek K Singh
27/9/22
(Prateek Kumar Singh)
Director
Tel. No. 23094961

To

Sh Arindam Modak
Deputy Director General (PI)
KL Bhawan, Janpath
New Delhi

Copy: Addl. CGA (PFMS), O/o CGA, INA, New Delhi

MOST IMMEDIATE

AS(PFS) PI

Kearney

File No.C-65/2019-MPLADS

Government of India
M/o Statistics & PI
(MPLADS Division)

Dis (PFMS)

MIS put up
So (PFMS)2nd Floor, Room No. 201
K. L. Bhawan, Janpath -01

Dated: 31-08-2022

OFFICE MEMORANDUM

Subject: Revised procedure for flow of funds under Central Sector Schemes—seeking approval for Standard Operating Procedure in respect of MPLAD Scheme — regarding.

The undersigned is directed to refer to Department of Expenditure O.M.No.1(18)/PFMS/FCD/2021, dated 9-3-2022 introducing thereby a revised procedure for flow of funds under the Central Sector Schemes and monitoring utilization of funds released, w.e.f. 1-4-2022. The Ministry of Finance, Department of Expenditure, on the request of this Ministry, has provided final relaxation to this Ministry till 30-09-2022 from the DOE's instructions dated 9th March 2022 for MPLADS scheme, vide its OM No.3(07)/PFMS/2022 dated 13-07-2022.

2. This Ministry administers Members of Parliament Local Area Development Scheme (MPLADS) which is a Central Sector Scheme with an annual outlay of ₹ 3950 crores. The Scheme enables Hon'ble Members of Parliament (MPs) to recommend works of developmental nature with emphasis on the creation of durable community assets based on the locally felt needs to be taken up in their constituencies. The Scheme is being implemented through States/UTs Governments.

3. As per the instructions issued by DoE vide their ibid O.M., dated 9-3-2022, the MPLAD Scheme will be covered in Model-2 of the revised procedure for flow of funds as prescribed at para 3(b) of DoE's OM dated 9th March 2022. Accordingly, this Ministry has prepared a Standard Operating Procedure (SoP) for implementing the Revised Procedure for flow of funds under MPLAD Scheme by proposing suitable changes in the procedure prescribed in the Model 2 of DoE OM dated 9th March 2022 to suit the unique requirements of MPLADS, so that the revised procedure of fund flow may be adopted easily and seamlessly by all stakeholders especially PFMS, SCBs and States/ UTs and shall also be acceptable to the Members of Parliament. In addition, the Ministry has already selected State Bank of India as the Scheduled Commercial Bank (SCB) for implementing the Model-2 as per para 3(i) of DoE OM dated 9th March 2022.

4. Some of the unique features of MPLAD Scheme are as follows:
- MPLADS funds are directly transferred to the nodal districts without routing through State Level Agencies.
 - Interest accrued on the MPLADS fund transferred to the districts is used for developmental purpose and is not remitted back to CFI.
 - MPLADS fund transferred to the districts are non-lapsable and is utilized in the subsequent financial year(s).

5. In the light of above, Standard Operating Procedure(SoP) for implementation of revised flow of funds under MPLAD Scheme needs following relaxations under Model-2:-

- a. As per the para-3(viii) of model-2 of DoE OM dated 9th March, 2022, the interest earned from the funds released is to be mandatorily remitted to the Consolidated Fund of India. Whereas, under the extant MPLAD Guidelines, the interest accrued on the funds released under the Scheme to the District Authority is to be used for permissible works recommended by the MP concerned. Hence, concurrence for utilising the interest accrued on the funds released to the CNA Account and interest accrued on unspent balances of current bank accounts of MPLADS for permissible works recommended by Hon'ble MPs as per the extant MPLADS Guidelines may be accorded.
- b. As there is no other feasible alternative option available with MOSPI, concurrence may also be accorded to Ministry of Statistics and Programme Implementation (MoSPI) to create a Programme Monitoring Unit (PMU) within MPLADS, which shall act as the Central Nodal Agency (CNA) under MPLADS. An Officer from the PMU- MPLADS shall operate the Central Nodal Account, and will be the custodian of user id and password of the bank's software for CNA.

6. In view of the circumstances explained above, Department of Expenditure, MoF, is requested to grant approval to the proposed SoP as per Model-2 for implementing the revised fund flow under MPLAD Scheme, and also approve the exemptions as requested in para 5 above. A copy of the draft SoP is enclosed.

7. The above proposal are outcome of the discussions held in the MoF, DoE on 24th August, 2022 with Shri. S. S. Yadav, AS, MoF. The AS&FA, MOSPI has concurred with the said proposal in the interim on account of the special circumstances involving MPLAD's. However, Shri Jayant Sinha, AS&FA, MOSPI has opined that a transition to Model 1 or to a Hybrid system as was proposed in the meeting should be undertaken at the earliest after review to minimize the large slack that the current proposal entails.

(Arindam Modak)
Deputy Director General (PI)

To

Dr. Sajjan Singh Yadav
Additional Secretary (PF-State),
Ministry of Finance, Department. of Expenditure,
169-C, North Block, New Delhi.

Copy to:- DS(IFD), MoSPI., Khurshid Lal Bhawan, New Delhi

Standard Operating Procedure (SOP)
for flow of funds under the
Members Of Parliament Local Area Development Scheme
(MPLADS)

1. Purpose:

- 1.1 In accordance with the instructions contained in the OM dated 9th March 2022 and 24th March 2022 of the Department of Expenditure, Ministry of Finance (copies enclosed) on revised procedure for flow of funds under Central Sector Schemes, the following Standard Operating Procedure (SOP) shall be become operational w.e.f. XXXXX for the flow of funds under the Members of Parliament Local Area Development Scheme (MPLADS) as per Model – 2 explained in the said instructions.

2. Definitions:

- 2.1 **The Central Nodal Agency:** The Programme Monitoring Unit under the MPLADS Division of Ministry of Statistics and Programme Implementation, hereinafter called PMU-MPLADS, shall be designated as the Central Nodal Agency. The PMU-MPLADS shall operate the Central Nodal Account and will be the custodian of user ID and password of the bank's software for implementation of MPLADS.
- 2.2 **State Nodal Authority:** Each State/ UT Government is required to designate one of its departments as the State Nodal Department to coordinate and monitor the implementation of the MPLADS in that State/ UT. The Administrative Secretary of that Department shall be referred to as the State Nodal Authority.
- 2.3 **Nodal District Authority:** Each Member of Parliament is required to select a Nodal District for coordinating his/ her allocation of MPLADS fund. The administrative head of the selected Nodal District, i.e. the District Collector/ District Magistrate/ Deputy Commissioner of a District or Commissioners Corporations of Delhi, Chennai, Mumbai, and Kolkata, shall be referred to as the Nodal District Authority.
- 2.4 **Implementing District Authority:** Subject to the conditions mentioned in the MPLADS Guidelines, a Member of Parliament can also recommend work in districts other than his/ her Nodal District. The administrative head of the implementing district, which can either be the nodal district or any other district, shall be referred to as the Implementing District Authority.

2.5 **Scheduled Commercial Bank:** The commercial bank selected by the Ministry of Statistics and Programme Implementation to implement the revised procedure for flow of funds under MPLADS as per instructions contained in the OM dated 9th March 2022 and 24th March 2022 of the Department of Expenditure, Ministry of Finance.

3. **Application:**

3.1 This Standard Operating Procedure shall apply to the Central Nodal Agency, State Nodal Agency, Nodal District Authority, Implementing District Authority and all implementing and executing agencies of the State/ UT Government responsible for implementing the MPLADS.

3.2 In case of any difference in opinion on the interpretation of this Standard Operating Procedure, the procedure prescribed by the Department of Expenditure, Ministry of Finance in its OM dated 9th March 2022 and 24th March 2022 shall prevail.

3.3 This Standard Operating Procedure is meant for the revised flow of funds under MPLADS as per Department of Expenditure, Ministry of Finance OM dated 09th March, 2022 and 24th March 2022, and this supplements the extant Guidelines on MPLADS.

3.4 The submission of Utilization Certificate and Audit Certificate shall be as per the latest GFR.

4. **Bank Accounts:**

4.1 The Central Nodal Agency shall open a savings account in the Scheduled Commercial Bank, to be called the Central Nodal Account, exclusively for receiving funds under MPLADS.

4.2 The Central Nodal Account shall centrally receive all funds under MPLADS from the relevant Budget Head.

4.3 The Central Nodal Agency shall neither transfer the MPLADS funds to any other account nor shall move the fund to fixed deposits/ flexi-Account/ Multi-option Deposit Account/ Corporate Liquid Term Deposit account, etc.

4.4 A separate subsidiary zero balance account for each sitting and former Member of Parliament, in case the MPLADS fund of former Members of Parliament is still to be utilized, shall be opened in the Scheduled Commercial Banks in the name of the Nodal District Authorities and Implementing District Authorities.

4.5 Similarly, under each Nodal District Authority and Implementing District Authority, zero balance accounts shall be opened for each of the

Implementing Agencies assigned by them to execute the MPLADS works.

- 4.6 A separate zero balance account should be opened for each of the State Nodal Authorities, Nodal District Authorities and Implementing District Authorities, to receive authorization in respect of their share of the administrative charges as mentioned in the MPLADS Guidelines (0.2% for State and 1.8% for the districts, of the amount sanctioned for MPLADS in their jurisdiction). The Central Nodal Agency shall assign separate drawing limits for each of these accounts.
- 4.7 Each State Nodal Agency of the calamity affected States/ UT shall also open another subsidiary zero balance account in the same Scheduled Commercial Bank for receiving the authorization for funds committed for calamity relief.
- 4.8 Similarly, the Implementing Districts under the calamity affected State will open separate zero balance accounts for receiving funds for calamity works from their State Nodal Authority.
- 4.9 Additional number of subsidiary zero balance accounts, if required, may be opened by the Nodal District Authority with prior approval of the Central Nodal Agency. In case such accounts are required to be opened by the Implementing District Authority and Implementing Agencies, prior approval of Nodal District Authority would only be required.

5. Mapping of Accounts in PFMS:

- 5.1 All accounts opened for the revised fund flow process as per this Standard Operating Procedure, including accounts of Central Nodal Agency, State Nodal Authorities, Nodal District Authorities, Implementing District Authorities, Implementing Agencies, vendors, etc., shall be mandatorily mapped to PFMS.
- 5.2 The Scheduled Commercial Bank shall ensure that all these accounts are mandatorily registered on PFMS before flow of fund is initiated into these accounts. They should further ensure that information on PFMS is updated on a real time basis through the web portal of the Scheduled Commercial Bank duly integrated with PFMS.

6. Drawing limits:

6.1 Central Nodal Account

- 6.1.1. The PMU-MPLADS shall ensure that the funds in the Central Nodal Account do not exceed Rs. 700 crores at any point of time. This Ceiling amount will be amended/modified as per the Scheme rollout experience and as per concurrence of IFD from time to time. However, this ceiling shall not apply during initial exercise when the

amount from all the existing bank accounts under MPLADS is transferred to Central Nodal Agency.

- 6.1.2. The next instalment of Rs. 500 crores shall be released once the balance in the Central Nodal Account falls below Rs. 200 crores, with due approval of IFD and subject to the availability of budget in the relevant head of account.
- 6.1.3. The funds transferred to the Central Nodal Account shall not be surrendered back to the Consolidate Fund of India at the end of the financial year and the balance funds remaining in this account can be utilized for MPLADS in the subsequent financial years.
- 6.1.4. At the time of closing of each Financial Year, the interest accrued in the account of Central Nodal Agency shall be distributed equally among all sitting Members of Parliament (both of Rajya Sabha and Lok Sabha) who have served more than 9 months in that Financial Year, and drawing limit of the concerned accounts will get enhanced accordingly.

6.2 Subsidiary zero balance accounts:

- 6.2.1. The PMU-MPLADS shall be authorized to fix the drawing limits for Nodal District Authorities to incur the expenditure for each account of Member of Parliament as per the instructions/ sanctions received from the MPLADS Division of Ministry of Statistics and Programme Implementation.
- 6.2.2. The dynamic drawing limit of each zero-balance account at Nodal District Authority will be fixed as per the entitlement of each Member of Parliament up-to the given Financial Year, i.e., in a Financial Year, the drawing limit of a particular account at Nodal District Authority will be fixed as per total eligibility for the Financial Year plus the unspent amount of the previous Financial Years. The drawing limits of the Nodal District of a Member of Parliament shall be dynamically reduced/ modified to the extent of utilization.
- 6.2.3. The drawing limit of Implementing District Authorities will be fixed by the Nodal District Authorities on the bank's software based on the sanctions issued by the latter for the works assigned to them as per the recommendations of the concerned Member of Parliament.
- 6.2.4. Similarly, the Implementing District Authorities shall fix the drawing limits of the Implementing Agencies within their jurisdictions based on the sanctioned amount for the works assigned to them.
- 6.2.5. The drawing limits for both the Implementing District Authorities and Implementing Agencies will accordingly be dynamic and will

change from time to time based on the amount of fresh sanction issued and the extent of payment released to the vendors.

- 6.2.6. For distribution of unutilized MPLADS funds of Ex-Members of Parliament amongst the sitting Members of Parliament as per extant MPLADS Guidelines, the drawing limit of account of the recipient Member of Parliament will be enhanced to that extent by the Central Nodal Agency only after closure of the account of the Ex-Member of Parliament by the district authority concerned.
- 6.2.7. The drawing limit of the calamity relief account of the State Nodal Authority shall be fixed by the Central Nodal Agency, and will be dynamic as per the total amount confirmed by the Nodal District Authority of the consenting Member of Parliament across the country. Drawing limit of the Nodal District of the Member of Parliament who has given consent for giving MPLADS fund for the calamity will get reduced and drawing limit of calamity account will be enhanced accordingly.
- 6.2.8. The drawing limits of calamity accounts of Implementing Districts will be fixed by the State Nodal Authority of the calamity affected State, after verifying the works sanctioned, and should not exceed the total authorization available received by it from the Central Nodal Agency.

7. Settlement of Payment:

- 7.1 All payments under MPLADS shall be made directly to the vendors from the Central Nodal Account on real time basis, and flow of funds would be triggered only when such payments are authorized by the Implementing Agencies.
- 7.2 The subsidiary zero balance accounts of State Nodal Authorities, Nodal District Authorities, Implementing District Authorities and Implementing Agencies will only be used as pass through accounts.

8. Migration of all existing accounts:

- 8.1 The State Nodal Authority, Nodal District Authorities and Implementing District Authorities shall be responsible for closing all existing accounts under the MPLADS including accounts of Ex- Members of Parliaments immediately after this Standard Operating Procedure comes into operation and shall transfer the unspent amount to the Central Nodal Account.
- 8.2 The unspent balance with the Implementing Agencies should also be immediately transferred amount to the Central Nodal Account.

- 8.3 Once subsidiary zero balance accounts are opened as per this Standard Operating Procedure, the Central Nodal Agency will give drawing rights equivalent to the unspent balance reverted to Central Nodal Agency as a one-time exercise.
- 8.4 The Central Nodal Agency will not fix any drawing rights of Nodal District Authorities as per the new Standard Operating Procedure till they close all existing accounts under MPLADS within their jurisdiction and transfer all unspent balance to the Central Nodal Account as mentioned above.

9. Role of Scheduled commercial Bank:

- 9.1 The Scheduled Commercial Bank shall develop systems and hierarchies for seamless flow of MPLADS fund as outlined in this Standard Operating Procedure and shall comply with all conditions mentioned under Model – 2 Para 3, sub-para (iii) to (vi) of Department of Expenditure, Ministry of Finance OM dated 9th March 2022.
- 9.2 The Scheduled Commercial Bank shall be responsible for opening of all zero balance accounts as per this Standard Operating Procedure.
- 9.3 The Scheduled Commercial Bank shall develop a MIS as per the requirements of this Standard Operating Procedure and the extant MPLADS Guidelines.
- 9.4 The Scheduled Commercial Bank shall integrate its MIS with the IT System/ web portal of the Ministry of Statistics and Programme Implementation, PFMS and other IT systems of State/ UTs/ Districts, as required, without any additional cost.
- 9.5 During the period of the contract, the Scheduled Commercial Bank shall, at its own cost, incorporate all changes/ enhancements, as required by Ministry of Statistics and Programme Implementation from time to time.
- 9.6 For smooth implementation of this Standard Operating Procedure, the Scheduled Commercial Bank will conduct regular training and capacity building workshops for all concerned officials and staff of Ministry of Statistics and Programme Implementation, State Nodal Authority, District Authorities, etc.
- 9.7 The Scheduled Commercial Bank, through its local branches, shall liaison with the local District Authorities for closure of all existing MPLADS accounts of State Nodal Authorities, Nodal District Authorities, Implementing District Authorities and Implementing Agencies, and

transfer of all unutilized funds available in these accounts to the Central Nodal Account.

10. **Amendments:** Any amendment to the Standard Operating Procedure shall be carried out only with the concurrence of IFD and in consultation with the Ministry of Finance, Department of Expenditure.