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## Chapter 7

# Constituency Needs, Constitutional Propriety and Clientelist Patronage

## *Constituency Development Funds in India*

Harry Blair

### INTRODUCTION

Among the constituency development fund (CDF) programs adopted in many countries, particularly in the British Commonwealth, India's is by far the largest and most complex, and perhaps the oldest as well. Since 1993, India has had in place a CDF which at the time of my research in 2010 was allocating some US \$465,000 annually to each member of its upper and lower houses of parliament (MPs), and which they in turn designate to local infrastructural projects averaging around US \$8500 each.<sup>1</sup> Known as the Member of Parliament Local Area Development Scheme (MPLADS), the program has become fundamental to MPs' efforts to maintain ongoing connections to their constituencies. Most of the states in India's federal system, as well as a good number of urban governments, have similar provisions. Given the country's lively civil society and a freewheeling media over this period—amplified recently by a Right to Information law—these Local Area Development Schemes (LADS) have been analyzed and critiqued in considerable depth, both positively and negatively.

On the positive side, it is argued that the LADS system allows MPs to fill in some of the developmental gaps inevitably left by the bureaucracy at all levels and strengthens the linkages between representative and constituency that are critical to democratic governance. On the negative side, two separate kinds of arguments have emerged. The first asserts that LADS has simply provided new paths for manipulation, patronage and graft in a polity that has been plagued by all three problems for decades and indeed centuries. The second holds that by giving MPs authority to allocate funds to specific public projects, LADS violates the constitutional authority of the executive branch of government: legislators should make policy and enact laws, not build

culverts and schoolhouses. All three perspectives will be discussed here in some detail.

## BACKGROUND AND ORIGINS

Up to the early 1970s, or in other words for roughly the first quarter century of India's independence, national and state elections were held simultaneously, meaning that MPs and members of each state's Legislative Assembly (MLAs) campaigned at the same time. MLA seats have always been nested within parliamentary constituencies, such that each MP has between five and eight MLA seats contained within his own. In contrast with the American experience, in which candidates for lower-level offices are often perceived to "ride on the coattails" of those for higher positions, Indian coattails have stretched in the opposite direction. Local elections, even down to the village level, have tended to excite more interest than higher level contests,<sup>2</sup> such that MP candidates could to a considerable extent coast along in the wake created by MLA contestants. This system significantly helped the Indian National Congress retain electoral majorities at both state and national levels in the country's first several elections by using MLA candidates as intermediaries to mobilize votes for the MP on the same party ticket. In 1971, however, instead of waiting for Parliament's full five-year term to end, Prime Minister Indira Gandhi called a snap election at the national level, meaning that MP contestants had to run for office without the aid of MLA candidates running parallel campaigns. In other words, bereft of their beaters on the hunt for votes, MP hopefuls had to flush out potential game with their own efforts.<sup>3</sup>

In India as elsewhere, politicians have long had a good number of ways to maintain linkages with voters. Networks of intermediaries, local bosses, camp followers, brokers, enforcers, and "vote banks," all maintained through ties of kinship and patron-client connections based on landholdings, have been the principal ones historically, with moneys siphoned from government-funded development programs furnishing extra lubrication in the post-independence era. But as the nonagricultural economy expanded, labor became more mobile, urbanization increased, and voters came to expect more from their political leaders than occasional forays in search of votes at election time, new mechanisms to connect political leaders with their constituencies became more desirable, especially after MP and MLA elections were "delinked."

One such mechanism first emerged in the Bombay Municipal Corporation (the city's elected governing body) in the mid-1970s, when each council member (known as a "corporator") was allotted Rs 50,000 annually to devote at his own discretion to municipal works in his ward, with the corporation

undertaking the works so designated. By the mid-1990s, these funds had been increased to Rs 900,000 annually per corporator. In the mid-1980s, the program was taken up by Maharashtra state (of which Bombay was the capital), with a discretionary program for each MLA. Introduced at Rs 1 million, the allocations had grown to Rs 4 million by the early 1990s. Several other states followed suit, including Uttar Pradesh, the country's largest.<sup>4</sup>

Inspired by these state-level developments, MPs at the center in New Delhi began demanding a similar nationwide fund for themselves. Spearheaded by an MP from Bombay, Ram Naik, they prevailed upon then-Prime Minister Narasimha Rao to support their request. Thus in December 1993, an MPLADS was created by the Parliament, with a Rs 5 million allocation for each MP, raised the next year to 10 million (Rs "1 crore" in South Asian terms) annually for each MP. Five years later, the annual allocation was increased to Rs 20 million, where it stayed until 2011.<sup>5</sup>

These allowances are available to members of both the lower house (Lok Sabha) and the upper house (Rajya Sabha). The present paper will deal principally with the Lok Sabha MPs, who are directly elected in individual constituencies using the first-past-the-post system widespread in Westminster-style democracies. Accordingly, the acronym "MP" will refer to Lok Sabha members unless otherwise indicated.<sup>6</sup> Lok Sabha members must allocate their LADS funds within their constituency, while Rajya Sabha can direct their funds anywhere within their state.

## HOW THE PROGRAM WORKS

As MPLADS went on, its regulations expanded. Its first set of Guidelines setting out the brand new program comprised only seven pages (and that included two cover pages!), but as experience accumulated, the rules governing it expanded, partly in response to criticisms and partly as the ministry administering the program crafted new rules to make the system more effective. A fourth edition of the *Guidelines* (now taking up fully 38 pages) appeared in 2005, and a fifth edition was expected to appear in 2011.<sup>7</sup>

The rules for MPLADS are spelled out in an official *Guidelines* publication issued by the Ministry of Statistics and Programme Implementation in New Delhi (MOSPI), which is charged with oversight of the program. As of 2010, the major features of MPLADS were these:

- Funds must be used to create "durable assets," in particular ones enhancing drinking water, education, public health, sanitation and roads; some works are specifically prohibited, such as private, commercial or religious structures, land acquisition, maintenance of any kind, and buildings intended

- for central or state governments (buildings intended for local governments are permitted).
- A specified proportion of each MP's fund must go to works benefiting Scheduled Caste (Dalit, or formerly Untouchable) and Scheduled Tribe (Adivasi) populations.<sup>8</sup>
  - MPLADS projects are approved and monitored by the chief administrative officer (designated for this purpose as the "District Authority") of the district within which they are to take place.<sup>9</sup> This District Authority determines whether a project is technically feasible and whether it comes within the parameters set out in the *Guidelines*.
  - The agency actually implementing each MPLADS project is selected by the District Authority. In general Panchayati Raj (local government units at village, township and district level) bodies are expected to undertake this work, but the District Authority can select a government agency or a capable nongovernmental organization (NGO) instead. Commercial contractors are prohibited.
  - The District Authority is required to inspect at least 10% of all the works under implementation each year.
  - MPLADS funds can be pooled with those provided by government agencies at any level, so long as the latter are used first and the former leads to completion of the work. In other words, MPs can use their funds as matching grants to leverage state investments in infrastructure.
  - MPLADS funds are "non-lapsable," meaning that unlike most government allocations, they do not revert back to their source if unused during the fiscal year. Instead, they accumulate from year to year, even over an election, so that the MP (or his successor) can spend them in the following term.
  - Under the national Right to Information Act of 2005 any citizen has the right to obtain information on any aspect of MPLADS and the work undertaken by it.
  - A stone or metal plaque identifying the sponsoring MP is to be "permanently erected" for each completed project.

### THE SIZE AND IMPACT OF LADS

In December 2010 Rs 20 million allocation for each MP equaled approximately US \$465,000 for a constituency averaging around 2.2 million in population. If we use the UNDP's measure Purchasing Power Parity (PPP) dollars as a multiplier,<sup>10</sup> that Rs 20 million amounted to roughly PPP\$ 1.3 million at an MP's command, or about PPP\$ 0.60 per citizen per year. The sum seems small when compared with per capita income, which in 2010 was reckoned at PPP\$ 3176. Nor is it very large when viewed against total government

spending, which runs around Rs 1 billion per district, an area roughly equivalent to an MP constituency.

In terms of local impact, however, LADS wields a considerably larger footprint. To begin with, about 60% of that Rs 1 billion district budget goes to "establishment" (i.e., personnel) costs, and of the remaining 40% that goes to investment, only around 14% or Rs 140 million is discretionary. In other words, at Rs 20 million, the MPLADS allotment represents a sum equivalent to about one-seventh of what all local governments can invest on a discretionary basis. State-level MLAs generally have proportionally larger funds to spend. In Karnataka, each MLA receives an annual LADS allotment of Rs 10 million, and there are six MLA seats within each MP constituency. Thus the six MLAs collectively have Rs 60 million to invest, or three times as much as the MP, a sum equivalent to three sevenths of the state funding available for local investment purposes. Taken together, then, the MP (Rs 20m) plus the MLAs (Rs 60m) can invest Rs 80m, or more than half as much as the entire governmental apparatus has at its discretionary disposal for investment within the boundaries of the average MP constituency.

In addition to MPs and MLAs, elected council members in some municipal corporations also receive LADS allotments. Thus Hyderabad, a city of some four million inhabitants in southern India, has 150 corporators, each of whom gets Rs 4m in LADS funds every year. This would mean each corporator receives about Rs 160 per constituent, which would be a bit less than US \$4, or in PPP terms would be just over \$10. Collectively, the MPs, MLAs and corporators can spend about PPP\$ 14.50 per citizen in Hyderabad—a great deal more than the PPP\$ 0.60 available to an MP alone. LADS is definitely a complex program.

### ADMINISTRATIVE BOUNDARIES AND TIERS OF GOVERNANCE

India has 626 administrative districts and 543 parliamentary constituencies, and the boundaries of these two types of units only sometimes coincide exactly. Thus an MP's seat often includes parts of two or more districts, while a district can frequently be split between two or more constituencies. It follows then that an individual MP can have to deal with multiple District Authorities, and a single District Authority can have several MPs allocating their LADS money within his/her territory. Given the huge demands on this officer's time because of his responsibility for almost all government administrative activity within his district (with an average population approaching two million), it is not surprising that supervision of the MPLADS program may not be as comprehensive as one might hope. Thus there have been

problems with meeting the 10% project inspection rule, even given that the District Authority is permitted to assign the task to subordinates. In short, placing the responsibility for implementing and monitoring MPLADS on a District Authority has not proven a very effective way to manage the program.

India's multiple tiers of governance add another measure of complexity, albeit one that can have synergistic effects at times. When an MP and MLA are of the same political party, they can combine their funds or extend them in coordination across a larger number of projects than either could do alone. For instance, if an MP has 3 MLAs of his own party within his constituency and each MLA has a LADS fund of Rs 10 million, then together they have Rs 50 million that they can deploy in discrete projects across their area, which collectively (they can hope) will motivate voters to support them in the next election. But where an MP and his MLAs are of a different party, it is likely that the political impact of any projects he initiates will be neutralized by those launched by MLAs. In urban areas with municipal corporations that have LADS programs for their corporators, the problem is intensified one step further.

In sum, the structural aspects of this huge country with its multiple tiers of governance and overlapping boundaries between electoral and administrative units make for considerable confusion and even contradiction. Legislators often have to deal with several different administrators, while administrative officers frequently find themselves having to handle the differing demands of national and state level representatives (and sometime city corporators as well). In some places, the legislators can act in synergistic concert with elected party members at different levels, but probably more often in this highly competitive and vigorously contested polity, they find themselves confronting elected officials of other parties in other governance tiers. The multiplicity of legislative tiers and divided administrative units also makes it much more difficult to assess the extent to which the various LADS programs have individually or collectively had any actual impact on development. Balanced against this confusion, one could argue that on the other hand it is the voters who stand to benefit from multiple legislators bringing infrastructural assets to their constituencies.

## ASSESSING LADS IMPACT

### The Legislators' View of LADS Programs

When interviewed, most legislators at both national and state levels thought very highly of their LADS programs. Most frequently mentioned was the thought that "When voters ask me what have I done for them, what could I say

if it were not for MPLADS?" This was accompanied by the observation that voters are not impressed by contributions to macro-level policy or foreign affairs or participation in important international conferences, but rather are concerned with their own day-to-day existence, and LADS gives a legislator the opportunity to accomplish something demonstrable in his constituency.

Some legislators complained that LADS actually constituted something of a burden in that, while constituent demands for projects was huge, funds to meet the demands were quite limited. Consequently, for every village that received streetlights or drinking water facilities, there were other villages that had to be disappointed. To be sure, this is a grumble heard from elected officeholders everywhere, but the very existence of LADS means that Indian legislators cannot credibly blame the bureaucracy for repeated failure to meet public demand for infrastructural investment. When constituents know that their representative has at least some command over how state resources are directed, they can reproach him or her for not directing some of those resources their way. Nonetheless, most legislators believe that the benefits of LADS far outweigh the discomforts arising from constituent unhappiness.

### How Legislators Have Allocated their LADS Funds

Legislators allocated their funds to a wide variety of projects. Here are some examples:

- **Roads.** Road construction remains a popular activity, amounting to almost one-third of all MPLADS works supported and 37% of all funds expended so far, more than any other sector, as is evident in Table 7.1.
- **Electrification.** Even today, something like 15% of India's almost 600,000 villages remain unelectrified, meaning that MPs from rural areas face serious demands for expanding the power grid. To make up part of the gap, one MP plans to spend much of his MPLADS fund on solar-powered lamps that girls would bring to school each day to get recharged from a solar generator, thereby increasing school attendance and at the same time providing a great improvement over the kerosene lanterns that have been the main source of lighting in village homes. Ten percent of his annual fund would buy about 1200 such lamps. Another MP has been putting solar street lights in unelectrified villages (a hundred of them would take about 10% of his annual LADS fund).
- **Drinking water.** Safe drinking water has become a serious problem in many areas, because of salinization due to overused irrigation systems and arsenic in the water table. One MP is trying to move some of his LADS fund into water purification machines, though he is having trouble because the program won't support equipment rentals (they would not be

“durable assets”), while another is promoting deep wells that would bore beneath arsenic-tainted layers in the water table.

- **Public buildings.** This category can cover a wide variety of structures (though they cannot be intended for government use). Examples would be storm protection shelters, orphanages, libraries, hostels and old age centers. One prominent category is the “community hall,” which sounds like a neighborhood meeting hall, but which is often a building intended for a particular ethnic group like a caste, which would be improper under the MPLADS guidelines.
- **Bigger projects.** One MP, who was able to coordinate with several MLAs of the same party in his urban constituency, devoted all his fund in one year to rebuilding a railroad overpass at a critical intersection, while his MLA counterparts invested their allotments in smaller and more dispersed projects. Another MP spent his entire allotment on a hospital.

Data have now been compiled and released for a bit more than 40% of the moneys spent so far on MPLADS, as presented in Table 7.1. Here it will be

**Table 7.1 Sectoral Distribution of Works Sanctioned by MPLADS, 1994–2009**

	No. of Works Sanctioned	% of Works Sanctioned	Cost of Works Sanctioned (Rs millions)	% of Total Allocations	Average Cost per Project (Rs millions)
Roads, Pathways and Bridges	155080	32.0%	30060.38	37.2%	0.19
Other Public Facilities	137380	28.3%	19767.69	24.5%	0.14
Education	79002	16.3%	14283.91	17.7%	0.18
Drinking Water Facility	52615	10.8%	5328.20	6.6%	0.10
Sanitation and Public Health	18203	3.8%	2810.67	3.5%	0.15
Electricity Facility	17724	3.7%	2484.98	3.1%	0.14
Health and Family Welfare	5982	1.2%	2161.88	2.7%	0.36
Irrigation	8600	1.8%	2042.61	2.5%	0.24
Sports	8026	1.7%	1475.32	1.8%	0.18
Animal Care	2170	0.4%	273.48	0.3%	0.13
Non-conventional Energy Sources	324	0.1%	65.43	0.1%	0.20
<b>Total</b>	<b>485106</b>	<b>100.0%</b>	<b>80754.54</b>	<b>100.0%</b>	<b>0.17</b>

Note: These figures represent works over the entire history of MPLADS (1994–2009), “culled from the data so far uploaded on the software, which can be considered a sample of the total number of works sanctioned under the scheme.” The total expenditure shown here (Rs 80.754 billion) constitutes about 42% of the grand total amount expended altogether under MPLADS as of March 2009. (GOI 2010: 16, 22). It is not possible to ascertain the extent to which this “sample” is representative of the whole universe of works undertaken or their cost.

seen that roadworks are the largest category, with “other public facilities” second followed by education. A 2001 outside review of more than 17,000 MPLADS projects in 57 sample constituencies found that some 46% of completed projects over the 1994–1998 period cost less than Rs 50,000 (around US \$1600 in the mid-1990s and about US \$1350 in 2001) and 67% cost less than Rs 100,000.<sup>11</sup> It concluded that far too many of the works were

so small that one may classify [them] as petty works. The roads thus constructed are often *kachcha* [unpaved] and of short length because of inadequate funds . . . This perhaps is not in conformity with the objective of creating durable assets.<sup>12</sup>

In more recent years, project size has increased markedly. In 2008–09 (the latest year available), cost per completed project in the two states for which I gathered data (all-India data were not available as such) came to Rs 345,000 (just over \$8600 as of 2009).<sup>13</sup> Even though the sectoral priorities (roads vs. education, etc.) have remained essentially the same over the life of MPLADS, it is clear that larger projects were being undertaken. What had been a desire to spread activity around as many villages as possible had at least to some extent become a desire to create fewer, larger and hopefully more durable (as well as more visible to constituents) assets.

A closer look at a single state reveals a pattern of MPLADS priorities similar to that observed at the national level, as can be seen in Table 7.2, which breaks down the four largest spending sectors into subcategories for Karnataka over the same 1994–2009 period.<sup>14</sup> As for the country as a whole, here also “Roads, Pathways and Bridges” and “Other Public Facilities” have been the lead sectors, though in this case the latter takes first place. Interestingly, the biggest single subcategory in terms of actual projects has been “Community Centers,” which account for almost 30% of all projects initiated thus far in the state. A very large proportion of these centers are surely the “community halls” mentioned by almost all the people I interviewed in Bangalore—buildings intended for specific communities of voters, generally local caste groups. Structures for particular caste communities are not specifically prohibited in Guidelines, but from the first edition these instructions have proscribed “works belonging to . . . private institutions,” a wording that in the most recent version is rendered as “works belonging to private, cooperative and commercial organizations”—language that clearly rules out any building intended for the use of one caste group to the exclusion of all others.<sup>15</sup>

One suspects that “Buildings for cultural activities” at 4.5% of projects includes similar structures as well as religious buildings (also mentioned by a number of my respondents). A strict interpretation of the official guidelines

Table 7.2 Karnataka Summary of Works for MPLADS Program, 1994-2009 (Reported as of 29 January 2011)

S.No.	Sector and Sub-sector	Total Sanctioned Cost of Works (Rs)	Total Number of Works	Percent of Funds	Percent of Works	Avg. Cost of Each Work (Rs)
<b>OTHER PUBLIC FACILITIES</b>						
1	Battery operated buses for Government agencies	37,739,527	166	1.12%	0.76%	227,347
2	Boundary walls for buildings permissible in the scheme	41,205,450	354	1.22%	1.63%	116,400
3	Buildings for cultural activities	139,623,314	981	4.13%	4.51%	142,328
4	Common work sheds for artisans	1,870,000	12	0.06%	0.06%	155,833
5	Bus-sheds/stops for public transport passengers	60,535,147	668	1.79%	3.07%	90,621
6	Construction of common shelters for old and handicapped	4,350,000	20	0.13%	0.09%	217,500
7	Construction of community centers	886,701,744	6,464	26.20%	29.71%	137,175
8	Construction of public libraries & reading rooms	31,224,988	222	0.92%	1.02%	140,653
9	Crematoriums and structures on burial/cremation ground	25,442,024	174	0.75%	0.80%	146,219
10	Other public works not covered elsewhere	86,627,454	557	2.56%	2.56%	155,525
11	Public parks	6,559,012	64	0.19%	0.29%	102,485
12	Purchase of motor boats for flood and cyclone prone areas	2,557,151	17	0.08%	0.08%	150,421
	<b>Subtotal Other Public Facilities</b>	<b>1,324,435,811</b>	<b>9,699</b>	<b>39.14%</b>	<b>44.58%</b>	<b>136,554</b>
<b>ROADS, PATHWAYS &amp; BRIDGES</b>						
1	Construction of culverts and bridges	175,276,900	675	5.18%	3.10%	259,669
2	Construction of footpaths	14,237,500	87	0.42%	0.40%	163,649
3	Construction of roads, approach roads, link roads, pathways	886,479,249	5,467	26.20%	25.13%	162,151
4	Level crossing at unmanned railway crossing	4,173,910	10	0.12%	0.05%	417,391
	<b>Subtotal Roads, Pathways &amp; Bridges</b>	<b>1,080,167,559</b>	<b>6,239</b>	<b>31.92%</b>	<b>28.68%</b>	<b>173,132</b>

**EDUCATION**

1	Building for Government educational institutions	172,316,957	785	5.09%	3.61%	219,512
2	Buildings for Government aided & unaided education institutions	198,676,663	766	5.87%	3.52%	259,369
3	Computers for Government and Government aided education institutions	28,406,299	111	0.84%	0.51%	255,913
4	Other projects for educational institutions	74,256,864	417	2.19%	1.92%	178,074
	<b>Subtotal Education</b>	<b>473,656,783</b>	<b>2,079</b>	<b>14.00%</b>	<b>9.56%</b>	<b>227,829</b>
<b>SPORTS</b>						
1	Buildings for multi-gym	4,473,000	41	0.13%	0.19%	109,098
2	Buildings for physical training institutions	1,455,000	10	0.04%	0.05%	145,500
3	Buildings for sports activities	127,121,017	856	3.76%	3.93%	148,506
4	Fixed (immoveable) sport equipment	1,350,000	12	0.04%	0.06%	112,500
5	Other public projects for sport activities	12,418,016	70	0.37%	0.32%	177,400
	<b>Subtotal Sports</b>	<b>146,817,033</b>	<b>989</b>	<b>4.34%</b>	<b>4.55%</b>	<b>148,450</b>
	Drinking Water Facility	127,566,450	874	3.77%	4.02%	145,957
	Sanitation & Public Health	85,317,426	877	2.52%	4.03%	97,283
	Irrigation	69,284,955	487	2.05%	2.24%	142,269
	Health & Family Welfare	48,873,437	263	1.44%	1.21%	185,831
	Electricity Facility	14,503,570	169	0.43%	0.78%	85,820
	Animal Care	8,361,008	57	0.25%	0.26%	146,684
	Non-Conventional Energy Sources	4,802,368	22	0.14%	0.10%	218,289
	<b>GRAND TOTAL</b>	<b>3,383,786,400</b>	<b>21,755</b>	<b>100.00%</b>	<b>100.00%</b>	<b>155,541</b>

prohibits both kinds of projects, but while temples and mosques are relatively easy to identify and reject on the part of the District Authority, “community halls” could very well be neighborhood social centers that are used by multiple groups rather than buildings intended to be used by only a single ethnic group. For example, the central government’s MPLADS report for 2008–09 includes a picture of a “community hall” in Karnataka (see Figure 7.1).<sup>16</sup> The building is topped with a large image of the Hindu deity Hanuman, and although the edifice is not strictly speaking a religious temple, it does exude a religious aura that would discourage non-Hindus from entering it. So the line is fuzzy at best between what is legitimate and what is prohibited.

A second subcategory of interest here is the item labeled “Construction of roads, approach roads, link roads, pathways,” which included almost 5,500 projects during the period. These efforts, costing on average just over Rs 160,000, fit more clearly within the MPLADS guidelines, as did two of the major subcategories in Education (Buildings for government educational institutions) and Sports (Buildings for sports activities). The remaining major subcategory (Buildings for Government aided & unaided educational institutions, at 5.87% of total MPLADS spending) represents a widening of the Guidelines in 1999, presumably to provide MPs more scope to meet community needs, but also allowing more latitude to favor “partymen”<sup>17</sup> and specific communities.



Figure 7.1 Community Hall Constructed with MPLADS Funding, Bagalkot District, Karnataka State, 2008–09. Source: GOI (2010: 90).

To move the discussion closer to the MP’s interest, the bottom row showing 21,755 projects undertaken over MPLADS’ 15 years implies an average of 777 projects for each of the state’s 28 parliamentary constituencies with more than 200 of them devoted to “community centers” and almost 200 focusing on “roads, approach roads, link roads and pathways.” Such a system allowed MPs to spread projects liberally around their constituencies to meet local needs, and presumably to build recognition and support for the next election.

## TARGETING CONSTITUENCIES

Two World Bank researchers, Philip Keefer and Stuti Khemani, have looked at the political history of constituencies and party incumbencies as a factor motivating MPLADS spending.<sup>18</sup> They found that the more consistently voters in a constituency have supported a particular party, the less their MPs tended to spend their MPLADS funds, i.e., where politicians could take voter support for granted, they had less incentive to devote any effort to doling out these funds. Such a pattern would make sense when voter attachment is programmatic, for example poor voters supporting a leftist party committed to land reform or lower caste voters backing a party promising increased job or educational opportunities for “backward castes.” But the story would likely be rather different where the relationship between politicians and voters is essentially clientelistic, such that lower-level patrons and bosses providing support to a party in return for promised material benefits, which would give the incumbent incentive to deploy MPLADS funds as patronage. In this second case, attachment to the party would continue only so long as material benefits were forthcoming from higher level; if they were to dry up, local bosses along with their followers would desert the party, or new brokers and fixers would move in and entice the followers to a different party, leaving the old operatives adrift without a base.

In a variant on this approach, several researchers have speculated that politicians would use funds like MPLADS to focus on marginal voters to draw them to their party while ignoring those who were already safely in the party fold.<sup>19</sup> Again this makes good sense on the spending side (put the money where it will bring the highest return in the form of votes) but perhaps somewhat less on the withholding side (disregarding the need to grease the patronage machinery to maintain voter allegiance among those already committed to the party).

In all these studies, the central motivation for directing MPLADS funds to certain areas makes good political sense in terms of rational choice (i.e., spend the money where it will bring the highest return), but the

concomitant incentive to eschew spending in areas where support can be taken for granted fits less well into a political calculus. Loyalist “vote banks” will hold together in the short run on inertial momentum, but over the longer (or even middle) run, can political leaders count on clients continuing to provide their support after the patronage begins to run out? Program-based party loyalty can endure for long periods, these analyses assert, and some areas in India illustrate this, in particular West Bengal, where the land reform and pro-small farmer agendas of the Communist Party of India-Marxist (CPI[M]) contributed greatly to its hold on state power through successive elections for decades and to its MP delegation to New Delhi. In recent years, however, the CPM’s sway has begun to crumble as its voters have defected, indicating that even deep programmatic party loyalties do not last indefinitely, especially when left unlubricated with LADS moneys.<sup>20</sup>

### A POLITICAL BUSINESS CYCLE?

The fact that MPLADS funds are non-lapsable over an MP’s normal 5-year term of office would appear to offer a strong incentive to parliamentarians (and their counterparts at state and municipal levels) to engage in “political business cycles”—to hoard their funds during the earlier years of the five-year cycle and then spend the surplus in the final year or two in order to make the maximum impression on voters for the upcoming election. Certainly political business cycles do exist at the macro level in a number of countries for parties in power facing election, though evidence is somewhat mixed.<sup>21</sup> And the opportunity to engage in such behavior at the individual legislator level in the Indian system would be tempting.

One study does find a statistically significant pattern along these lines, with MPs tending to spend less than their allotment during the first half and more of the 14th Lok Sabha (the national parliament over the 2004–2009 term of office) and presumably spending the surplus during the last couple of years before the election.<sup>22</sup> This holding back correlated in particular with age (older MPs spent less in the early years), the political spectrum (MPs on the left spent more evenly than those in the political center, while those on the right tended to hoard more than the centrists), constituent education (higher school attendance meant more even spending), and reported crime (lower crime rates matched with more even spending).

The Comptroller and Auditor General’s (CAG) report issued in March 2011 appears to confirm a political business cycle, finding MPLADS expenditures to have risen by roughly 50% in the election years 2004–05 and 2008–09 in comparison with a trough in 2006–07 between elections, although MOSPI itself finds a somewhat different pattern, as appears in Figure 7.2.<sup>23</sup>

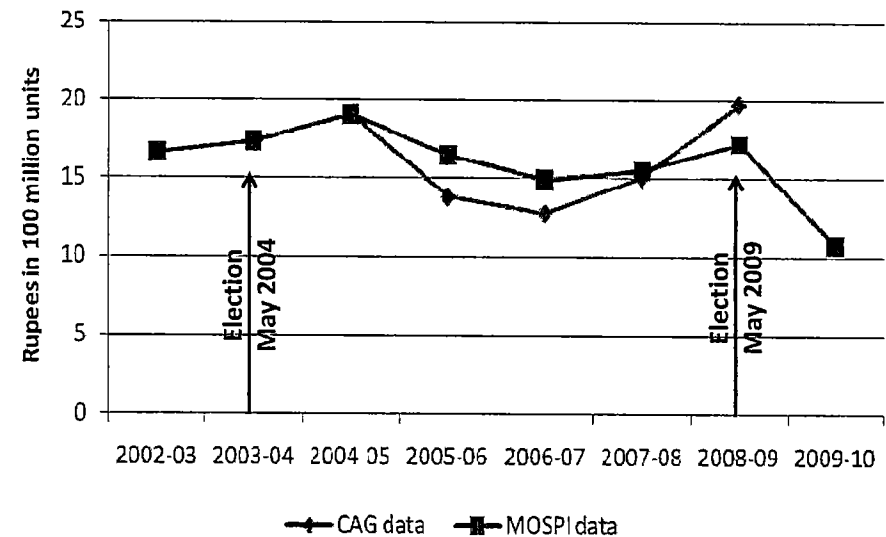


Figure 7.2

But while a case can be made for some sort of political business cycle, a better question would ask how well it works: Does more MPLADS spending toward the end of a five-year Lok Sabha term help an incumbent get reelected? I found some evidence that such spending does help with reelection in what I have been able to piece together concerning the Lok Sabha contest of May 2009, but the picture is quite mixed, in part because of the Indian electoral system, specifically the new set of boundaries put into place in 2008. In particular, the delimitation of constituencies for state legislative assembly and national parliamentary seats established by the Election Commission in the early 1970s and left in place almost 40 years changed significantly in November 2008 when a new delimitation was promulgated.

Given the changes in electoral boundaries, the data in Table 7.4 should be taken as suggestive rather than definitive. The data show MPLADS spending patterns for the 28 Karnataka MPs during their last year of office for the 14th Lok Sabha. The 18 MPs who did not get reelected requested on average that Rs 10.8 million be allocated (“released” in Table 7.4) to specific projects, only a bit more than half of the Rs 20 million they were entitled to for the year, while those who were reelected asked for an average of Rs 28.3 million (i.e., they had saved up at least 8.3 million from previous years, which they could add to the 20 million coming to them in 2008–09). In other words, those returning to office requested 2.6 times more money than those who did not. In their recommendations, the MPs who would return to office recommended 2.7 times more projects (average 201 compared with 75).



**Table 7.3 Karnataka: Delimitation of Seats in Parliament and State Assembly before and after 2009 Change**

Elected Body	Total Seats	Delimitation in Place before 2009		Delimitation in Place for 2009		
		General Seats	Reserved for Scheduled Castes	Reserved for Scheduled Tribes	General Seats	Reserved for Scheduled Castes
Lok Sabha	28	24	4	0	21	2
State Assembly	224	189	33	2	173	15

Note: In addition to the overall increase in reserved seats, some previously reserved seats became general, while some previously general seats became reserved.

Source: GOI (2008).

**Table 7.4 Karnataka MPLADS Activities and Election Results during 2008–09**

	Rs (million)		Projects Recommended by MP	Projects Sanctioned by District Authority	Projects Completed
	Released by MP	Expended on Projects			
Total for MPs reelected (n = 10)	282.5	287.8	2013	1687	986
Total for MPs not reelected (n = 18)	194.5	179.6	1356	1415	654
Average for MPs reelected	28.3	28.8	201	169	99
Average for MPs not reelected	10.8	10.0	75	79	36

An average of 94 of their projects were completed during the period, again 2.7 times more than the average 36 reported for the MPs not getting reelected in May 2009. And finally, in completing their total of 986 projects, the District Authorities spent almost three times as much money (average 28.8 million) as they did in completing projects for the non-returning MPs (average 10.0 million).<sup>24</sup>

At first glance, then, Karnataka appears to give some striking evidence of a political business cycle at work: MPs who got reelected recommended many more projects and completed many more than those who did not return to office. On the other hand,

- The new district boundaries took away many voters from some constituencies while replacing them with new voters, so the citizens casting ballots in May 2009 may not have been affected at all by the MPs spending patterns previously.

**Table 7.5 Maharashtra MPLADS Activities and Election Results during 2008–09**

	Rs (million)		Projects Recommended by MP	Projects Sanctioned by District Authority	Projects Completed
	Released by MP	Expended on Projects			
Total for MPs reelected (n = 21)	492.6	456.4	2719	1396	1148
Total for MPs not reelected (n = 28)	593.6	684.2	2659	1928	1868
Average for MPs reelected	23.5	21.7	129.5	66.5	54.7
Average for MPs not reelected	22.0	25.3	98.5	71.4	69.2

- Some MPs were denied the chance to run again when their seats were redesignated from general to reserved or vice versa.
- Some MPs who could have run again may have chosen not to do so.

A look at another state—Maharashtra—sheds some doubt on the political business cycle idea. The figures provided in Table 7.5 indicate that while winning MPs asked on average for slightly more funds (Rs 23.5m as against 22.0m from MPs who did not return) and for quite a few more projects (130 vs. 99), their constituencies saw fewer projects completed (average 55 vs. 69 for the non-returning MPs) and less money spent (Rs 21.7m vs. 25.3m). In terms of political business cycles, we could say that the winners tried to spend about the same amount of money in their final year as those who did not return to Parliament, but they saw significantly less money actually spent and fewer projects completed, so that whatever impact MPLADS projects might have made on constituents was less than for those MPs who did not get reelected. Taking the two states together, the case for a political business cycle stands at best unproven, so far as can be ascertained from the data at hand.

The real surprise here is that more evidence of targeting and political business cycles has not emerged. Either the legislators have been more upright and less cynical in their behavior than they are commonly given credit for, or they were unaware of the possibilities for targeting and cycling, or they had indeed considered all these options but concluded that the redelimitation would render such maneuvers fruitless.

Further insights are provided by a novel study of the 2008 Delhi assembly elections. Abhijit Banerjee and his MIT team conducted a controlled experiment in ten MLA constituencies, in which candidate information was disseminated through a door-to-door information pamphlet distribution, newspaper supplements in Hindi and English delivered to the target area, and

focus group discussions that covered 5–10% of a locality's households. The candidate profiles were developed by a Delhi-based NGO, Satark Nagarik Sangathan (SNS, or Citizens Vigilance Association). SNS used the Indian Right to Information (RTI) Act (passed in 2005) to obtain data on incumbents' assembly attendance and participation records, their participation in legislative committee activity, and finally their allocation of MLA-LADS, which in the Delhi case amounted to Rs 20 million a year (10 times per capita the funds MPs had available). Thus LADS data comprised one of three kinds of incumbent information disseminated in three ways to the "treatment group" of voters, while the "control group" received no information in the experiment.

The English language *Times of India* published an illustrative report card from SNS that profiled two MLAs, who spent the great majority of their LADS money on "roads and footpaths," which SNS found in many cases amounted to fake projects in which money was spent but nothing was actually built, implying considerable leakage. The data uncovered by SNS through using the RTI act showed that the average incumbent in the sample frame spent only about half the available amount (Rs 50 million as against the total Rs 100 million that each MLA could have spent over the five years, or about Rs 250 per constituent out of a possible Rs 500). But spending overall appears to have had little effect; the experimenters found that the total amount of LADS spending had no statistical impact on voter support for incumbents. Parsing their results further, however, the team found that spending LADS funds in slum areas did increase voter support for incumbents by about 2%—statistically significant and potentially critical in a tight contest, but not what could be called a major impact on voter behavior. Other factors like wealth, education and attendance at legislative committees affected candidate vote share more than LADS spending patterns. The information campaign did enhance voter turnout in the treatment areas by 3.6% as compared with the control localities, but the increase did not favor incumbents or candidates of any particular party. So while more candidate information may be good for voter participation, knowing more about LADS spending doesn't appear to translate into increased (or decreased) vote share for incumbents.

### THE CONSTITUTIONAL CRITIQUE

This line of criticism is essentially philosophical, holding that the program is unconstitutional.<sup>25</sup> One approach holds that the constitutional function of a legislator is to enact laws and to monitor their implementation, i.e., to deal with policymaking and oversight, but implementation itself belongs to the executive branch and its bureaucracy. The legislature should decide how

much to spend on drinking water programs, for example, and perhaps also as to general criteria for locating them (e.g., in neighborhoods where average income is below the official poverty line), but the executive should decide exactly where to situate the new facilities. MPLADS gives MPs the right to assume this second function in addition to the first.

A second approach points to the fact that the Indian Constitution of 1950, like the American one, assigns particular powers to the union and other powers to the states. In this division, virtually everything that could be classed as a "durable asset" at the local level comes under the state heading. Then the 73rd and 74th Amendments to the Constitution specifically assigns most local public functions like providing drinking water, sanitation, and local roads to local government bodies, which in India means the Panchayati Raj institutions operating at district, block and village level,<sup>26</sup> as well as the municipal corporations in larger urban settlements. It follows that MPs and MLAs in making LADS allocations are engaging in what constitutionally has been assigned to lower level institutions of governance.

These arguments led to a writ petition filed in 1999, charging that the national government had acted *ultra vires* of the Constitution in creating and implementing MPLADS. Eventually, in May 2010, the Supreme Court, in *Bhim Singh vs. Union of India & Others* rejected the first argument by asserting that "the constitutional principle of separation of powers will only be violated if an essential function of one branch is taken over by another branch, leading to a removal of checks and balances."<sup>27</sup> In the case of MPLADS, the court wrote:

Even though MPs have been given a seemingly executive function, their role is limited to "recommending" works and actual implementation is done by the local authorities. There is no removal of checks and balances since these are duly provided and have to be strictly adhered to by the guidelines of the Scheme and the Parliament. Therefore, the Scheme does not violate the separation of powers.<sup>28</sup>

The Court also rejected the second argument by writing:

Panchayat Raj Institutions, Municipalities as well as local bodies have also not been denuded of their role or jurisdiction by the Scheme as due place has been accorded to them by the guidelines, in the implementation of the Scheme.<sup>29</sup>

### THE GENERAL CRITIQUE: MPLADS AS AN AVENUE FOR ABUSES

As with any program involving political leaders and allocation of state funds, especially one in a country like India with its uninhibited media, there have

been many stories, allegations and rumors of LADS abuses at all levels, including corruption of various kinds. Five more or less distinct themes have emerged along these lines.

**Leveraging state funds with LADS.** Actually this practice is not only permitted but even encouraged in the official Guidelines, which state that MPLADS "can be converged with the Central and State Government schemes provided such works are eligible under MPLADS." The Guidelines go on to give MPLADS a topping-up role, saying that "Wherever such pooling is done, funds from other scheme sources should be used first and the MPLADS funds should be released later, so that MPLADS fund results in completion of the work."<sup>30</sup>

More cynically, one might suppose an MP could arrange to contribute the last 5% of an extensive program to erect drinking facilities throughout half his constituency, which would bring him wide recognition (through the project plaques if nothing else) throughout a large area at little cost. And certainly this provision in the Guidelines offers the potential for MPs to seriously compromise the prerogative of a state or local government to decide its own priorities by dangling matching grants in front of them. A municipality that objectively should be involved in malaria eradication to deal with a serious epidemic could be distracted into building bus stands or football fields, for example.

Interestingly, I heard few complaints that MPLADS funds were distorting local priorities through matching grants, though there did seem a widespread feeling that pooling funds was a shady practice at best. A number of legislators asserted that they themselves did not practice pooling, but that they knew that others did, with the implication that such behavior indicated a lower moral standard.

**Targeting infrastructure to specific groups.** While the MPs and MLAs interviewed reported uniformly that they adhered to the Guidelines in allocating LADS funds to projects, a number observed that "other legislators" often skirted the rules by building structures benefiting a particular community. A favorite selection seems to be the "community hall," which as earlier noted could be a multipurpose building available to all residents of a neighborhood, but it could also be (and apparently very often is) a building designated for a particular caste community, which is prohibited under the Guidelines. There were also allegations that some legislators used the LADS program to construct religious buildings, a practice directly proscribed by the Guidelines. More subtle skirting of the Guidelines occurs when LADS funds go to constructing something like a drinking water facility, public toilet or street lighting in a locality inhabited only by an ethnic group that the officeholder wants to target for its voters. While not strictly illegal, such uses of LADS moneys would seem to violate the spirit of the program.

**Compliant District Authorities.** A principal enabling factor in LADS abuses lies in the District Authorities system for vetting, approving, implementing and monitoring projects. These officers can simply give a blanket approval to all LADS proposals, invite the legislator to pick the implementing agency, and neglect to monitor the results. Some indirect evidence comes in memoranda sent out by MOSPI in New Delhi complaining that the 10% inspection rule is not being followed,<sup>31</sup> though this official grousing from above does not per se show the incidence of infraction.

In any case it is not hard to imagine that an overworked and understaffed district collector would find it easier to grant a blank check to an MP demanding the expenditure of relatively small sums, or at least to acquiesce in each new request as it came in than it would be to scrutinize each project with the care it should be getting according to the Guidelines. So it is not surprising that one GOI study found the practice to be widespread indeed.<sup>32</sup>

**Political patronage.** A more serious issue that has been exacerbated by inadequate official supervision has been the use of MPLADS funds for political patronage. The Guidelines specify that while elected local governance institutions like Panchayats are to be preferred as the implementing agencies for projects,

the District Authority may choose either Government Department unit or Government agency or reputed NGO as capable of implementing the works satisfactorily as Implementing Agencies.<sup>33</sup>

"Reputed NGOs" has evidently proven to be a term sufficiently flexible to allow significant numbers of organizations staffed with "partymen" to become MPLADS implementers. Thus all manner of local party loyalists and camp followers emerge as program beneficiaries, and projects turn into short-term employment providers for the party faithful (or people the party hopes will support the party in future). To this extent, then, MPLADS can lubricate the party machine and help perpetuate a political system based on neo-patrimonialism.

**Outright corruption.** Although MPLADS might appear to offer a good number of opportunities for speculation and venality, in fact little hard evidence of outright corruption has appeared since the program's beginnings. The only real scandal has resulted from a sting operation orchestrated by a television station in late 2005, in the course of which seven MPs (five from the Lok Sabha and two from the Rajya Sabha) were caught on camera accepting "commissions" to steer MPLADS projects into particular hands. The scandal came just on the heels of a slightly bigger disgrace in the Parliament occasioned by eleven MPs taking payoffs to raise queries during the Question Hour in the Lok Sabha, and disappeared fairly quickly. Compared to other scandals at the central level, this one was fairly minor. All things considered,

the mischief emerging from MPLADS relates more to the use of funds for fueling patronage machines than actual corruption.

### COMPREHENSIVE MPLADS EVALUATIONS

In addition to the more narrowly focused research discussed above, several major studies of MPLADS as a program have appeared so far, mainly from government watchdog agencies. A 2011 report from the CAG focused on District Authority offices rather than MP constituencies choosing its sample of 128 among India's 626 administrative districts. Some of the findings:

- Discrepancies in issuing Utilization Certificates meant that in 12 districts only about two-thirds of reported expenditures on projects had actually taken place, implying that the remainder had been lost through leakage.<sup>34</sup>
- Monitoring continued to fall far short of requirements. In fully 86 districts that were audited, no inspections of completed works had been conducted, while in many others despite DA claims at having conducted them, no records were available.<sup>35</sup>
- Contrary to MPLADS guidelines, MPs were found to have recommended the implementing agency for projects, which in many cases turned out to be the user agency itself (e.g., an NGO was both implementer in constructing a work and the user of the completed work), a practice offering much opportunities for siphoning funds.<sup>36</sup>
- Regulations proscribing construction of commercial, private and religious buildings continued to be ignored. In Karnataka, for example, some 94 works for religious purposes were undertaken, costing Rs 18.4 million.<sup>37</sup>

These irregularities and excesses may in fact have been less serious than the CAG reports indicated. Rather like the General Accountability Office of the US government, the CAG sees its charge as ferreting out instances of malfeasance, waste and irregularities in public sector activities. It is much less interested in ascertaining the relative prevalence of problems. Thus as noted above its investigators found 94 cases in which MPLADS funds were used on works for religious purposes in Karnataka, which were among the 163 projects involving officially prohibited kinds of works among the six districts checked on in the state; the cost here was Rs 32.4 million. The grand total of such works in the 100 districts included in the 29 states and union territories examined in this component of the study came to 2340, estimated to cost Rs 737.6 million.

The figures do seem large and the negative thrust of CAG's 2011 report, like its predecessors, generated considerable coverage in the media, but a

short accounting exercise will put them into perspective.<sup>38</sup> In the final year of CAG's five-year time period surveyed, Karnataka state saw 3610 MPLADS projects sanctioned at a cost of Rs 623 million. The six districts chosen for the CAG study were about one-fifth of the state's total 29 districts, so we might then think of 722 projects (one-fifth of 3610) as the universe being sampled. If we multiply that by 5 to get the full five-year period, we are back to 3610, of which 163 were found improper, or a bit more than 4% of the total. Admittedly this is very rough calculation, but the point should be clear that while there was some misuse of the funds, the problems were relatively small. Similar exercises could be undertaken with most of the remaining CAG findings. In the end, CAG has abundantly shown that MPLADS has demonstrated any number of problems, but with the exception of the 10% monitoring requirement (which appears basically not to have been done most of the time), its shortcomings have not been as serious as would appear at first glance.

The **Programme Evaluation Office (PEO) of the Planning Commission** conducted a narrower but more in-depth study of 57 MP constituencies over the 1994–99 period, issuing its report in 2001.<sup>39</sup> The study team interviewed more than 4000 people, including MPs, District Authorities, "development functionaries" (civil engineers, local development officers), elected local government council members and a large sample of citizens for each constituency.

In addition to confirming some of the CAG findings, the PEO also found some other shortcomings in MPLADS administration:

- The proliferation of small projects meagerly funded as noted above fed into many other problems. Projects were often either not completed or poor in quality. Even when finished, the new assets tended to be badly maintained. And with so many projects, District Authorities rarely (only 4 out of 103 interviewed) visited the required 10% of projects each year.
- Despite the requirement to obtain cost estimates for each recommended project before allocating MPLADS funds for it, most of the time the funding is allocated directly when the recommendation is made.
- Rather than select implementers themselves as per the Guidelines, e.g., through some kind of tendering process, a majority of District Authorities asked for guidance from the MPs on choosing an implementer. And despite the injunction against using private contractors, almost half of the "development functionaries" interviewed said that project work had been executed by a private firm rather than local government units or "reputed NGOs" as specified in the Guidelines.
- Local elite capture would have been hard to prove in an assessment like the PEO's, but the study team evidently felt that MPLADS posed a serious risk of such distortion. The report observed that

Locally felt needs perhaps vary across socio economic groups comprising the Society. A small group having easy access to the MP at times may impress upon him to recommend works according to *their* felt needs. Consequently the felt needs of many others may get overlooked.<sup>40</sup>

It is not difficult to see from these findings how MPs choosing to do so could steer project implementation contracts to “partymen” and thereby use the MPLADS funds to grease their local patronage machines.

The PEO report was not entirely negative. More than 60% of ordinary citizen respondents thought the assets created by MPLADS were “good” in quality, while less than 6% thought they were “poor.” And 95% of local citizens said the assets had met their “felt needs,” while 83% thought the new facilities had improved their quality of life.<sup>41</sup> The general population, then, seemed quite satisfied with the program.

Era Sezhiyan’s 2005 study has been by far the most comprehensive assessment of MPLADS since its inception. In his book of 174 large size, double-columned pages, Sezhiyan (himself an MP for 22 years) incorporates virtually all the criticisms that have been launched against the program, reinforcing them with his own observations. In addition to the behavioral shortcomings he details, he expands on the legal and philosophical critique, concluding that MPLADS amounts to an “assault on the Constitution,” centering his case on the conflict of interest and constitutional responsibility when MPs charged with guiding and evaluating the executive take on an executive role for themselves. Moreover, he charges, the program inhibits electoral competition by providing incumbent MPs an unfair advantage with its allocations.<sup>42</sup>

In response to the CAG and PEO complaints concerning inadequate monitoring, MOSPI itself has launched a fourth study of the program, conducted by the consultancy service of the National Bank for Agriculture and Rural Development (NABCONS). The NABCONS study began by examining closely about 50 projects in each of 30 districts covered in 2007–08, another 43 districts covered in 2008–09 and then 60 more in 2009–10.<sup>43</sup> The study was finished by summer 2010, and it has been reviewed both favorably and less favorably.<sup>44</sup>

## CONCLUSIONS

India’s many LADS programs have now been in place for almost two decades and over that time have become an integral part of the country’s political fabric, certainly in the minds of their creators, which is to say the MPs at the center and their counterparts at state and local levels. Legislators see LADS as a key mechanism through which they maintain contact with their constituents,

and indeed the program does give them some meaningful voice in setting priorities for local investment. As we have seen, an MP’s annual LADS fund equals about one-seventh of the discretionary moneys government has available for investment in a typical parliamentary constituency, and when MLA-LADS funds are added in, the total comes to something more than half of what the state has at its disposal. It is scarcely surprising, then, that legislators think highly of the program, despite the headaches it can generate when funds available fall far short of constituent demand for new infrastructure.

Criticism of the program has been intense since its beginning. The full range of complaints include allocating LADS funds for prohibited purposes, squirreling away funds during the early years of an election cycle in order to unleash a burst of spending in the run-up to the following election, directing funds to fictitious “projects” that never get constructed, using compliant District Authorities to award contracts to party camp followers instead of using open bidding practices, using LADS to grease patronage machines, and even accepting bribes to steer funds into particular hands. And finally, these disparagements are topped off with the accusation that the LADS programs are unconstitutional in the first place, violating the separation of powers and center-state division of responsibilities set out in the Indian Constitution.

Some of the charges carry more weight than others, but collectively they make for a serious indictment of the program. Several calls have come for its elimination,<sup>45</sup> and in fact one chief minister has moved to eliminate it in his state and replace it with a new program (to be called the Chief Minister’s Local Area Development Scheme or CMLADS), which would double the size of the erstwhile MLALADS but at the same time decentralize it to the district level, where MLAs will have a role in recommending projects, though local elected council leaders will evidently have a greater role in allocating the new funds.<sup>46</sup> His rationale to the MLAs for the reform is worth quoting:

Your life is no more being made a hell by the local people who either wanted schemes for their favorite places or allotment of works to them or their kin . . . . You can now breathe easy and in [the] public eye your dignity has gone up.<sup>47</sup>

But given the popularity the programs enjoy among legislators (who would have to enact the abolition) along with the fact that the constitutionality of LADS programs has been affirmed with the 2010 Supreme Court decision, it is most unlikely that many if any LADS programs at all will be eradicated. Indeed, movement has been in the opposite direction at the national level, as the finance minister in New Delhi announced an increase in the MPLADS annual allocations from Rs 20 million to 50 million—a 150% jump—in March 2011.<sup>48</sup> This will be the equivalent of about 35% of the discretionary

funds available to government bodies for promoting development at district level. And if one adds in the MLALADS funds available in most states, the total money available through CDFs will come to roughly 80% as much as government sources provide.<sup>49</sup>

Unlike the American system of “earmarks” with its secretive, arbitrary and uneven dispensation of state largess to legislative districts, LADS offers a much more (if not completely) transparent system in which every member of the legislative body receives an equal allotment of funds to spend on his constituency. The LADS program with its unlapsable allotments may encourage political business cycles and spending targeted on swing groups of voters, though there is not as yet any convincing evidence that such practices give an unfair advantage to incumbents. The program could be tightened up, to be sure, by demanding that District Authorities enforce guidelines on selecting project implementers instead of enabling legislators to grease their political machines by choosing contractors, and that these same Authorities engage in more rigorous monitoring (in particular, enforcing the 10% inspection requirement). Further, NGOs like SNS can continue and increase their use of the RTI law to find out and publicize how legislators have used their LADS allocations.<sup>50</sup> And the media could make greater efforts to transmit such information to voters.

Amid this context of legislators favoring a program that benefits both themselves and their constituents (albeit perhaps all too often small groups of constituents “having easy access to the MP” in the words of one official evaluation<sup>51</sup>), can LADS be justified? If we take it as a precept that in a legislative system with single-member districts, elected representatives need and should have ways to connect with their constituents beyond the rhetorical, then LADS is perhaps not a bad mechanism for facilitating this. It can certainly be argued that voters in a modern democracy, after all, should be entitled to ask their elected representatives, “What have you done for me (or my neighborhood/village/city) during your time office to improve public service delivery?”

Given a modest dose of political will at the top, these transparency safeguards and monitoring procedures should not be difficult to stiffen and enforce. And the combination of skillful and determined NGOs with a vigorous and autonomous media that India has developed in recent decades, now fortified with a RTI law that appears to be highly successful, should be able to ensure that LADS becomes a responsible and accountable system for nurturing a critical connection between elected representatives and their constituents, despite the imperfections that are sure to remain. And the 150% increase just recently bestowed on MPs means that in combination with MLALADS funding, legislators potentially could have a powerful impact on development at the local level in India.

## GLOSSARY OF KEY TERMS

CAG – Comptroller and Auditor General  
 CPM – Communist Party of India-Marxist  
 LADS – Local Area Development Schemes  
 MPLADS – Member of Parliament Local Area Development Scheme  
 MLA – Member of Legislative Assembly  
 MOSPI – Ministry of Statistics and Programme Implementation in New Delhi  
 NABCONS – National Bank for Agriculture and Rural Development  
 NGO – Non-Governmental Organization  
 PEO – Programme Evaluation Office  
 PPP – Purchasing Power Parity  
 RTI – Indian Right to Information  
 SNS – (Satark Nagarik Sangathan Citizens Vigilance Association)

## NOTES

1. In 2011 the yearly allocation was increased by two-and-a-half times to about \$2.5 million. The present paper focuses on the program in place at the time of my research, however.

2. Election turnout, for instance, tends to be significantly higher in contests held at lower levels.

3. I am indebted for this interpretation to A. Surya Prakash, interviewed in November 2010.

4. This paragraph is based on Prakash 1995, 118.

5. Sezhian 2005, 14–24, gives a detailed account of the MPLADS launching in Parliament.

6. The Rajya Sabha MPs are elected indirectly for the most part, with state legislatures choosing 238 of the body’s 250 members, generally by party in proportion to each party’s strength in the state-level assembly.

7. Government of India 2005.

8. The Guidelines require that at least 15% of an MP’s LADS fund be allocated to “areas inhabited by the Scheduled Caste population and 7.5% for areas inhabited by the Scheduled Tribe population.” Where there are no Scheduled Tribes, the entire 22.5% may be spent for Schedule Caste areas and vice versa. See Government of India, 2005, 2–3. The 15% and 7.5% levels are roughly equivalent to the shares of these two groups in India’s total population.

9. Generally this means the District Magistrate (in some states called the District Collector or Deputy Commissioner). S/he is an officer of the Indian Administrative Service, a centrally appointed civil servant charged with superintending and coordinating all national and state governmental activity within his/her district. A district is roughly the size of an MP constituency (around two million population), but their boundaries do not necessarily coincide.

10. The PPP attempts to measure the actual purchasing power of a similar basket of goods in different countries in comparison with the nominal exchange rate for currencies. Thus a haircut or an hour of an electrician's time in India would cost much less than the exchange rate between dollars and rupees would indicate. The PPP has become a standard unit of comparison for the World Bank, UNDP and other organizations.

11. Government of India 2001.

12. *Ibid.*, vii.

13. Data from Government of India 2010. I have incorporated then-current rates of exchange in the dollar figures given in this paragraph and the preceding one.

14. The data shown in Table 7.2 are based on data provided by the Ministry of Statistics and Programme Implementation as "Priority Sector Reports" ([mplads.nic.in/sslapps/mpladsworks/a.asp](http://mplads.nic.in/sslapps/mpladsworks/a.asp)—accessed 30 Jan 2011), with the caveat that they are provided by District Authorities and that the Ministry is not responsible for their accuracy. The Ministry's own data for Karnataka are quite similar in proportion (though showing about 10% less spending and 10% fewer projects); however, they don't provide the subcategories depicted here in Table 7.2.

15. See Government of India 1994; and Government of India 2005, 21.

16. Government of India 2010, 90.

17. This commonly used term is analogous to such American expressions as party hacks, ward heelers, operatives, or handlers—vaguely shady but not necessarily criminal characters who deal in patronage and turn out voters at election time.

18. Keefer and Khemani 2009, 99–112.

19. See Devarajan, Khemani, and Shah 2010.

20. In the state's May 2011 election, the CPM lost control of the West Bengal Assembly, after more than 30 years in power (Polgreen 2011), though absent a detailed analysis the party's defeat cannot be attributed to LADS spending patterns.

21. Alesina et al, 1997 is the classic study on this topic.

22. Pal, and Das 2010, 63. Pal and Das were apparently unable to gather data for the last half of the 2004–2009 Lok Sabha term.

23. The two reports agree exactly on expenditures for only one year (2004–05) in Figure 7.2; reasons for the discrepancy are unclear.

24. Presumably the projects for the returning MPs were larger both as recommendations and as works completed, for in each case they amounted to spending almost three times as much money to provide around 50% more projects. In addition, it will be noted that in a number of cases, more money was spent than recommended, and more projects were "sanctioned" (approved by the District Authority) than were recommended, or were completed than approved. The apparent anomalies can be accounted for as projects recommended or sanctioned the previous year but not completed until the current year—which should help the incumbent, in that projects would become more visible to voters at a time closer to the election.

25. The case presented in the next two paragraphs is based largely on Aiyar (2009, 2010) and Sivaramakrishnan (2010), to both of whom I am also indebted for expanding their views in interviews. See also Kapur and Mehta (2006) and Ghosh (2010). The constitutional argument is an old one, first emerging at the beginning of the program in 1994 (Oomen and Pal 1994).

26. The Panchayati Raj structure of local government comprises elected councils at these three levels. Districts correspond more or less to American counties (though they tend to be much larger in population) in being creatures of the state, which can create them or merge them. Blocks (also called thanas, tehsils or taluqs in various parts of India) correspond to American townships, and villages to American habitations also called villages.

27. *Bhim Singh v. Union of India & Others*, Writ Petition (Civil) No. 21 of 1999.

28. *Ibid.*, 84.

29. *Ibidem*.

30. Government of India 2005, 7.

31. See for instance Choudhary (2010). The MOSPI website for MPLADS (<http://mplads.nic.in>) contains *inter alia* some 43 circulars addressing various aspects of the program, dated from 2008 through the end of 2010.

32. Government of India 2001.

33. Government of India 2005, para 2.11.

34. Government of India, Comptroller and Auditor General of India 2011, 37, 102.

35. *Ibid.*, 54.

36. *Ibid.*, 19–20, 84–85.

37. *Ibid.*, 11–14, 72–74.

38. See HT Correspondent, "MP development fund plan not doing well: CAG," *Hindustan Times*, March 18, 2011; and ENS Economic Bureau, "Almost 50% of MPLAD corpus unspent, says CAG," *Indian Express*, March 19, 2011.

39. Government of India, *Report of the Comptroller and Auditor General on MPLADS 2001*.

40. The examples are taken from Government of India, *Report of the Comptroller and Auditor General on MPLADS* and the quotation is from page vi (see also Government of India, *Report of the Comptroller and Auditor General on MPLADS*, 58). Again as with the CAG studies, Sezhiyan, 2005, 86–92 devotes a whole chapter to the PEO report.

41. Government of India, *Report of the Comptroller and Auditor General on MPLADS*, 2001, 63–65.

42. Sezhiyan 2005.

43. Government of India, Comptroller and Auditor General of India, 2011, 209.

44. See Government of India, Comptroller and Auditor General of India 2011, 209–212; and Chauhan 2010.

45. For example the report of the Second Administrative Reforms Commission in 2007, which demanded that both MPLADS and MLALADS programs be abolished (Government in India 2007, 38–39, 41, 176). See also Sezhiyan. 2007.

46. This was Nitish Kumar, reelected with a huge majority as a reform chief minister of Bihar in November 2010 (Banerjee 2010; Singh 2010; Ahmad 2011; Our Special Correspondent 2011). MLAs will be compensated with increased salaries and allowances (Mishra 2011), but the new benefits will scarcely make up for the loss of patronage opportunities.

47. Ahmad 2011.

48. Chauhan 2011; and Iyer 2011.

49. The total will depend on how much LADS funding is available to each MLA and how many MLA seats are nested within each MP constituency. See the discussion above on page 6. The 80% figure represents my calculation for Karnataka.

50. SNS has experimented with employing its Delhi Vidhan Sabha techniques to state elections in Jharkhand and Bihar states in 2008 and 2010, despite the formidable logistics involved.

51. Government of India *Report of the Comptroller and Auditor General on MPLADS*, vi, 58.

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