



# MP's Salaries Cut and MPLADS Suspended

## Why in News

Recently, the Union Cabinet has approved an **ordinance to amend the Salaries, Allowances and Pension of Members of Parliament Act, 1954.**

- It will **cut the salaries** of Members of Parliament (**MPs**) by **30%**, effective from 1<sup>st</sup> April 2020.
- Apart from this, it has been decided to **suspend the Members of Parliament Local Area Development Scheme (MPLADS) funds** for **two financial years** (2020-21 to 2021-22).
- The saved amount will go to the **Consolidated Fund of India** to fight the [Covid-19 pandemic](#).

## Key Points

- **30% Salary Cut**
  - It is applicable to **all MPs**, including the **Prime Minister** and the **Council of Ministers**, for the financial year 2020-2021.
  - The **President** and **Vice-President** of India along with all the **State Governors**, have also decided on their own to take a 30% salary cut.
  - However, the amendment will **only cut MPs' salaries, not allowances or the pensions** of ex-MPs.
  - According to the pay hike in 2018, each MP draws a monthly salary of ₹1 lakh, ₹70,000 as constituency allowance and ₹60,000 for running office besides other perks.
- **Suspension of MPLADS**
  - The amount saved from the scheme would be **around ₹8,000 crore** and will be redirected to the Consolidation Fund.
  - Many MPs had [already pledged to use their MPLADS funds](#) for efforts to combat the [coronavirus](#) pandemic.
  - 74 Rajya Sabha members had contributed a total of ₹100 crore, and 265 Lok Sabha members had given a total of ₹265 crore.
- Currently, the **Lok Sabha** has **542 members** while the **Rajya Sabha** has a strength of **245 members, including 12 nominated.**
- The **comprehensive decision** was taken to convey the message of **social responsibility** of the MPs.
- **Other Previous Measures**
  - The **employees of the central government** have already given **one day's salary** on their own. However, it is **not clear** if they will face a **pay cut** or not.
  - State government of **Telangana** had already announced **salary cuts at all levels** on 30<sup>th</sup> March.
  - Government has announced **various other measures** including the [Pradhan Mantri Garib Kalyan Yojana](#).
- The salary cut has been **supported** throughout the country. However, the suspension of MPLADS has been **criticised** on the grounds that it is a **disservice to the constituents** and will undermine the role and functions of the MPs. It is the **centralisation of funds** which goes **against federalism.**

## Members of Parliament Local Area Development Scheme

- It was announced in **December 1993** under the control of the **Ministry of Rural Development**. Later, in **October 1994**, it was transferred to the **Ministry of Statistics and Programme Implementation**.
- **Objectives:**
  - To enable 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.
    - Lok Sabha Members can recommend works within their constituencies and elected Members of Rajya Sabha can recommend works within the State they are elected from.
    - Nominated Members of both the Rajya Sabha and Lok Sabha can recommend works anywhere in the country.
  - To create durable assets of national priorities viz. drinking water, primary education, public health, sanitation and roads, etc.
- It is a **Central Sector Scheme**. The **annual MPLADS fund** entitlement **per MP constituency is ₹5 crore**.

## Government Accounts

### ▪ Consolidated Fund

- It was constituted under **Article 266 (1)** of the Constitution of India.
- It is made up of:
  - All **revenues** received by the Government by way of **taxes** (Income Tax, Central Excise, Customs and other receipts) and all **non-tax revenues**.
  - All **loans** raised by the Government by issue of Public notifications, treasury bills (internal debt) and from foreign governments and international institutions (external debt).
- **All government expenditures are incurred** from this fund and no amount can be withdrawn from the Fund without **authorization from the Parliament**.
- **Each state** can have its own Consolidated Fund of the state with similar provisions.
- The **Comptroller and Auditor General of India** audits the fund and reports to the relevant legislatures on the management.

### ▪ Contingency Fund

- It was constituted under the **Article 267 (1)** of the Indian Constitution.
- Its **corpus is ₹500 crores**.
- It is **used for meeting unforeseen expenditure**.
- **Each state** can have its own Contingency Fund of the state with similar provisions.

### ▪ Public Account

- It was constituted under **Article 266 (2)** of the Indian Constitution.
- The **transactions** under this account relate to debt **other than those included in the Consolidated Fund of India**.
- The receipts under Public Account do not constitute normal receipts of Government hence Parliamentary authorization for payments is not required.
- **Every state can have their own similar accounts**.

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