



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



**Dear Members,**

**Greetings!**

### **Decisions taken by the Union Cabinet (10<sup>th</sup> November 2021)**

- **Cabinet approves Restoration and continuation of Member of Parliament Local Area Development Scheme (MPLADS)**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has approved the restoration and continuation of Member of Parliament Local Area Development Scheme (MPLADS) during the remaining part of Financial Year 2021-22 and up to Financial Year 2025-26 co-terminus with the period of 15<sup>th</sup> Finance Commission.

#### **Details of the Scheme:**

- The MPLADS is a Central Sector Scheme fully funded by Government of India. The objective of the scheme is to enable MPs to recommend works of developmental nature with emphasis on the creation of durable community assets in the areas of drinking water, primary education, public health, sanitation and roads, etc. primarily in their Constituencies.
- The annual MPLADS fund entitlement per Member of Parliament (MP) constituency is Rs.5 crore, released in two instalments of Rs.2.5 crore each, subject to the fulfilment of conditions as per the MPLADS Guidelines.
- For managing the health and adverse impacts of covid 19 in the society, the Cabinet in its meeting held on 6th April 2020, had decided not to operate MPLADS during the FY 2020-21 and 2021-22 and place the fund at the disposal of Ministry of Finance for managing the impacts of covid 19 pandemic.
- As the country is now on the road to economic recovery and the Scheme continues to be beneficial for the creation of durable community assets, in fulfilling the aspirations of locally felt needs of the Community, in skill development and creation of jobs across the country, thereby helpful in achieving the objective of Atam Nirbhar Bharat. Accordingly, the Union Cabinet has now decided to restore Members of Parliament Local Area Development Scheme (MPLADS) during the remaining part of Financial Year 2021-22 and to continue MPLADS up to 2025-26, co-terminus with the period of 15<sup>th</sup> Finance Commission.

The Ministry will release MPLADS fund at the rate of Rs. 2 crore per Member of Parliament for

the remaining period of FY 2021-22 in one instalment and at the rate of Rs. 5.00 crore per annum per Member of Parliament during FY 2022-23 to FY 2025-26 in two instalments of Rs.2.5 crore each. Since the inception of the Scheme, a total of 19,86,206 works/projects have been completed with the financial implication of Rs. 54171.09 crore.

**Financial implications:**

The total financial implication for restoration and continuation of the MPLADS for the remaining part of the Financial Year 2021-22 and up to 2025-26 will be Rs. 17417.00 crore as tabulated below:

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26	Total Outla
Financial Implication (Rs. In crore)	1583.5	3965.00	3958.50	3955.00	3955.0	<b>1741</b>

**Implementation Strategy and Targets:**

- The MPLAD scheme is governed by a set of guidelines, which are revised from time to time.
- The process under MPLADS starts with the Members of Parliament recommending works to the Nodal District Authority. The Nodal District concerned is responsible for implementing the eligible works recommended by the Members of Parliament and maintaining the details of individual works executed and amount spent under the Scheme.

**Impact:**

- The restoration and continuation of MPLADS will restart the community developmental projects / works in the field which are halted / stopped due to lack of funds under MPLADS.
- It will restart fulfilling the aspirations and developmental requirements of the local community and creation of durable assets, which is the primary objective of the MPLADS.
- It will also help in reviving the local economy.

**Background:**

- The MPLADS is a Central Sector Scheme fully funded by Government of India. The objective of the scheme is to enable MPs to recommend works of developmental nature with emphasis on the creation of durable community assets in the areas of drinking water, primary education, public health, sanitation and roads, etc. primarily in their Constituencies.
- The annual MPLADS fund entitlement per Member of Parliament (MP) constituency is Rs.5 crore, released in two instalments of Rs.2.5 crore each, subject to the fulfilment of conditions as per the MPLADS Guidelines.

- The Ministry conducted a Third Party Evaluation of the MPLADS works during 2021 in 216 districts across the country. The Evaluation Report recommended for the continuation of MPLADS.
- **Cabinet approves mechanism for procurement of ethanol by Public Sector Oil Marketing Companies under Ethanol Blended Petrol programme revised - ethanol price for supply to Public Sector OMCs for Ethanol Supply Year 2021-22**

The Cabinet Committee on Economic Affairs chaired by Hon'ble Prime Minister, Shri Narendra Modi, has given its approval for fixing higher ethanol price derived from different sugarcane based raw materials under the EBP Programme for the forthcoming sugar season 2021-22 during ESY 2021-22 from 1st December 2021 to 30th November 2022.

Approval is also given for the following:

- (i) The Price of ethanol from C heavy molasses route be increased from Rs. 45.69 per litre to Rs. 46.66 per litre,
- (ii) The price of ethanol from B heavy molasses route be increased from Rs. 57.61 per litre to Rs. 59.08 per litre,
- (iii) The price of ethanol from sugarcane juice, sugar / sugar syrup route be increased from Rs. 62.65 per litre to Rs. 63.45 per litre,
- (iv) Additionally, GST and transportation charges will also be payable.
- (v) Government has decided that Oil PSEs should be given the freedom to decide the pricing for 2G ethanol as this would help in setting up advanced biofuel refineries in the country. It is important to note that grain-based ethanol prices are currently being decided by Oil Marketing Companies (OMCs) only.

The approval will not only facilitate the continued policy of the Government in providing price stability and remunerative prices for ethanol suppliers, but will also help in reducing the pending arrears of Cane farmers, dependency on crude oil imports and will also help in savings in foreign exchange and bring benefits to the environment.

The decision to allow Oil PSEs to decide the price of 2G ethanol would facilitate setting up advanced biofuel refineries in the country.

All distilleries will be able to take benefit of the scheme and large number of them are expected to supply ethanol for the EBP Programme.

Government has been implementing Ethanol Blended Petrol (EBP) Programme wherein Oil Marketing Companies (OMCs) sell petrol blended with ethanol up to 10%. This programme has been extended to whole of India except Union Territories of Andaman Nicobar and Lakshadweep islands with effect from 1st April, 2019 to promote the use of alternative and environment friendly fuels. This intervention also seeks to reduce import dependence for energy requirements and give boost to agriculture sector.

Government has notified administered price of ethanol since 2014. For the first time during 2018, differential price of ethanol based on raw material utilized for ethanol production was announced by the Government. These decisions have significantly improved the supply of ethanol thereby ethanol procurement by Public Sector OMCs has increased from 38 crore litre

in Ethanol Supply Year (ESY) 2013-14 to contracted over 350 crore litre in ongoing ESY 2020-21.

With a view to provide long term perspective to the stake holders, MoP&NG has published “Ethanol Procurement Policy on a long-term basis under EBP Programme.” In line with this, OMCs have already completed the one-time registration of ethanol suppliers. OMCs have also published the name so f eligible project proponents with whom long term agreements would be entered into for setting up ethanol plants in ethanol deficit states. Other prominent feature to provide long term perspective and attract investment includes directing OMCs to target 10% ethanol blending in petrol by the end of ensuing ESY 2021-22 and 20% by ESY 2025-26. As a step in this direction, Hon’ble Prime Minister has released the Report of Expert Committee on “Roadmap for ethanol blending in India 2020-25” on World Environment Day – 5th of June, 2021. All these would facilitate ease of doing business and achieve the objectives of Atmanirbhar Bharat initiatives.

Consistent surplus of sugar production is depressing sugar price. Consequently, sugarcane farmer’s dues have increased due to lower capability of sugar industry to pay the farmers. Government has taken many decisions for reduction of cane farmer’s dues. With a view to limit sugar production in the Country and to increase domestic production of ethanol, Government has taken multiple steps including, allowing diversion of B heavy molasses, sugarcane juice, sugar and sugar syrup for ethanol production. Now, as the Fair and Remunerative Price (FRP) of sugarcane and ex-mill price of sugar have undergone changes, there is a need to revise the ex-mill price of ethanol derived from different sugarcane based raw materials.

Further, to kick-start the Second Generation (2G) ethanol programme (which can be produced from agricultural and forestry residues, e.g. rice & wheat straw/corn cobs & Stover/bagasse, woody biomass), few projects are being set up by Oil PSEs taking financial assistance from the Government’s “Pradhan Mantri JI-VAN Yojana” approved by the CCEA in the past. These projects are likely to start commissioning from ensuing ESY 2021-22.

- **Cabinet approves incurring expenditure for reimbursing the losses under MSP operations for cotton during the cotton season (October to September) 2014-15 to 2020-21**

The Cabinet Committee on Economic Affairs chaired by Hon’ble Prime Minister, Shri Narendra Modi, has given its approval for committed price support of Rs.17,408.85 crore to the Cotton Corporation of India (CCI) for the cotton seasons from 2014-15 to 2020-21 (upto 30.09.2021).

In order to safeguard the interests of the cotton farmers, it is expedient to conduct price support operations in cotton years 2014-15 to 2020-21 as cotton prices touched the MSP prices. Its implementation enhances the inclusiveness of the cotton farmers in the economic activity of the country. Price support operations help stabilize the cotton prices and alleviate farmer’s distress.

Cotton is one of the most important cash crops and plays a major role in sustaining livelihood of around 58 lakh cotton farmers and 400 to 500 lakh people engaged in related activities such as cotton processing and trade.

During cotton season 202-21, area under cotton cultivation was 133 lakh hectares with estimated production of 360 lakh bales, which account for around 25% of total global cotton production. Government of India based on the recommendations of CACP fixes MSP for seed cotton (kapas).

Government of India appoints CCI as Central Nodal agency and CCI is mandated to undertake MSP in cotton by procuring all FAQ grade cotton from farmers without any quantitative ceiling, as and when cotton prices fall below MSP level. MSP operations protect cotton farmers from distress sale during any adverse price situation.

MSP operations being sovereign function in nature motivates cotton farmers in the country to keep their sustained interest in cotton cultivation so as to make India Atambirbhar for quality cotton which is a raw material for spinning industry. CCI keep its infrastructure ready in all 11 major cotton growing States by opening 474 procurement centres in 143 districts.

During global pandemic in the last two cotton seasons (2019-20 and 2020-21), CCI procured around 1/3rd of the cotton production in the country i.e. about 200 lakh bales and disbursed more than Rs.55,000/- crore directly in the bank accounts of around 40 lakh farmers.

For current cotton season i.e. 2021-022, CCI has already made all adequate arrangements in all 11 major cotton growing states including deployment of man power at more than 450 procurement centres, so as to meet any eventuality of MSP operations.

- **Cabinet approves reservation norms for Jute Packaging Materials for Jute Year 2021-22 under JPM Act, 1987**

The Cabinet Committee on Economic Affairs chaired by Hon'ble Prime Minister, Shri Narendra Modi, has approved reservation norms for mandatory use of jute in packaging for the Jute Year 2021 -22 (1st July, 2021 to 30th June, 2022) on 10th November, 2021. The Mandatory packaging norms approved for Jute Year 2021-22 provide for 100% reservation of the foodgrains and 20% of sugar to be compulsorily packed in jute bags.

The reservation norms in present proposal would further protect the interest of domestic production of raw jute and jute packaging material in India, thereby, making India self-reliant in consonance with Aatmnirbhar Bharat. Reservation for packaging in jute packaging material consumed around 66.57% of the raw jute produced in the country (in 2020-21). By bringing into effect the provision of JPM Act, the Government will provide relief to 0.37 million workers employed in jute mills and ancillary units as well as support the livelihood of around 4.0 Million farm families. Besides, it will help protect environment because jute is natural, bio- degradable, renewable and reusable fibre and hence fulfills all sustainability parameters.

The Jute industry occupies an important place in the national economy of India in general and Eastern Region in particular i.e. West Bengal, Bihar, Odisha, Assam, Tripura, Meghalaya, Andhra Pradesh and Telangana. It is one of the major industries in the eastern region, particularly in West Bengal.

The reservations norms under JPM Act provide for direct employment to 0.37 million workers and 4 million farmers in the Jute Sector. JPM Act, 1987 protects interest of Jute farmers, workers and persons engaged in jute goods' production. 75% of the total production of the Jute Industry is Jute Sacking Bags of which 90% is supplied to the Food Corporation of India (FCI) and State Procurement Agencies (SPAs) and remaining is exported/sold directly

Government of India purchases Jute sacking bags worth approximately Rs. 8,000 crore every year for packing of foodgrains, hence ensures guaranteed market for the produce of Jute Farmers and Workers.

Average Production of Jute Sacking Bags is about 30 lakhs bales (9 lakh MT) and Government is

committed to ensure complete off-take of the sacking production of the jute bags in order to protect the interest of Jute farmers, workers and persons engaged in the Jute Industry.

- **Cabinet approves declaration of 15th November as Janjatiya Gaurav Divas**

The Cabinet Committee on Economic Affairs (CCEA) has approved has approved declaration of 15th November as Janjatiya Gaurav Divas dedicated to the memory of brave tribal freedom fighters so that coming generations could know about their sacrifices about the country. India's freedom struggle was strengthened by several movements by tribal communities such as Santhals, Tamars, Kols, Bhils, Khasis and Mizos to name a few. The revolutionary movements and struggles organized by the tribal communities were marked by their immense courage and supreme sacrifice. Tribal movements in different regions of the country against the British colonial rule got linked with the national freedom struggle and inspired Indians all over the country. However, the public at large is not much aware about these tribal heroes. Pursuant to the speech of Hon'ble Prime Minister on Independence Day of 2016, Government of India has sanctioned 10 tribal freedom fighter museums across the country.

The date is the birth anniversary of Sri Birsa Munda who is revered as Bhagwan by tribal communities across the country. Birsa Munda fought bravely against the country against the exploitative system of the British colonial system and spearheaded movement against British oppression giving a call for 'Ulgulan' (Revolution). The declaration acknowledges the glorious history and cultural heritage of tribal communities. The day will be celebrated every year and would recognize the efforts of the tribals for preservation of cultural heritage and promotion of Indian values of valour, hospitality and national pride. Tribal Freedom Fighter Museum at Ranchi where Birsa Munda breathed his last will be inaugurated by Hon'ble Prime Minister.

Government of India has planned week long celebrations starting from 15th November to 22nd November 2021 to celebrate and commemorate 75 years of glorious history of tribal people, culture and achievements.

As part of the celebration, several activities have been planned jointly with State Governments and the theme behind each activity is to show case the achievements of tribals in Indian Freedom struggle, various welfare measures taken by Government of India in education, health, livelihood, Infrastructure and skill development. The events will also display the unique tribal cultural heritage, their contributions in freedom struggle, practices, rights, traditions, cuisines, health, education and livelihood.

Please contact for any query related to this mail to Ms Shivani Mehrotra, Research Officer at [shivani.mehrotra@phdcci.in](mailto:shivani.mehrotra@phdcci.in) with a cc to Dr S P Sharma, Chief Economist | DSG at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms Kritika Bhasin, Senior Research Officer at [kritika.bhasin@phdcci.in](mailto:kritika.bhasin@phdcci.in), PHD Chamber of Commerce and Industry.

Warm Regards,

Dr S P Sharma

Chief Economist | DSG

PHD Chamber of Commerce and Industry



PHD House, 4/2 Siri Institutional Area  
August Kranti Marg, New Delhi-110016, India  
Tel: +91 49545454  
Fax: +91 11 26855450  
Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)  
Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on



*"Voice of Industry & Trade"*



PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel.: +91-11-2686 3801-04, 49545454, 49545400  
Fax: +91-11-2685 5450, 49545451 • E-mail : [phdcci@phdcci.in](mailto:phdcci@phdcci.in) • Website : [www.phdcci.in](http://www.phdcci.in), CIN: U74899DL1951GAP001947

