

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 2505**

**TO BE ANSWERED ON MONDAY, DECEMBER 15, 2025/AGRAHAYANA
24, 1947 (SAKA)**

GST ON DEVELOPMENT WORKS UNDER MPLADS

2505. SHRI BHAUSAHEB RAJARAM WAKCHAURE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that due to the imposition of 18% GST on development works sanctioned under MPLADS, the actual fund is reduced to about 24.10 crore and resulting in several projects remaining incomplete, if so, the details thereof;**
- (b) whether the Government has assessed the extent to which the quality and timeline of works have been affected due to imposition of GST, if so, the details thereof;**
- (c) whether the Government is considering exempting the MPLADS fund from GST by treating it as "Public Welfare Fund"; and**
- (d) if so, the details of action/decision taken in this regard along with the time by which it is likely to be implemented?**

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a) & (b) Any transfer of money to MPLAD fund is not a supply under GST Act. However, utilisation of fund for receiving supply of goods and services is taxable as per the applicable GST rates on such supplies. GST paid on inputs and services is part of the cost of execution and does not reduce the MPLADS entitlement of ₹5 crore per annum per Member of Parliament. The GST component is duly factored into the cost estimates at the time of sanction in view of the fact that the total estimated cost of work sanctioned for each Hon'ble MP in a financial year cannot exceed the entitlement available to the Hon'ble MP.

No specific study has been undertaken to assess the extent to which the quality or timelines of works have been affected due to the imposition of GST. However, a third-party physical evaluation of the MPLAD Scheme has been carried out to assess various parameters and performance of the Scheme. The evaluation covered the

period from 01.04.2019 to 31.03.2024 and was conducted across 504 Nodal Districts in the country. The implementing Ministry for the scheme has not received any reports of non-completion of MPLADS projects attributable to the imposition of GST.

(c) & (d) The rates and exemptions for GST are prescribed on the basis of recommendation of the GST Council which is a Constitutional body consisting of members from Centre and the States/UTs. The matter regarding exemption for works under MPLAD funds was placed before the 47th GST Council meeting held on 28.06.2022. It was discussed that end use based exemptions are not advisable. They are difficult to monitor and prone to misuse. Further, the exemption will block ITC of suppliers and will increase cost. No change was recommended by the Council. At present there is no such recommendation for exemption from the Council.
