WHITE PAPER

ON

GOVERNANCE

LAW & ORDER, EXCISE, LOCAL BODIES,
INSTITUTIONAL DEGRADATION AND POOR
GOVERNANCE

HYDERABAD

13th AUGUST 2014
A. GOVERNANCE

Governance, refers to actions & processes by which stable practices & organizations arise & persist. It refers to the capacity of Government to effectively formulate & implement sound policies, for the overall well-being of the citizens & the State.

Good governance is a term used to describe how public institutions ought to conduct public affairs and manage public resources. Good governance promotes equity, participation, pluralism, transparency, accountability & the rule of law, in a manner that is effective, efficient & enduring. The threats to good governance come from corruption, violence & poverty, all of which undermine transparency, security, participation & fundamental freedoms. Good governance ensures that political, social & economic priorities are based on broad consensus in society & that the voices of the poorest & the most vulnerable are heard in decision-making over the allocation of public resources.

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

The e Governance experiment in Andhra Pradesh during 1999-2004 was a bold attempt to use Information and Communications
Technologies (ICT) to improve governance processes. The setting was one of poverty, illiteracy, and corruption. The experiment was motivated by the desire to transform the state as captured by the vision statement:

“That Andhra Pradesh should be a state where poverty is totally eradicated; that every man, woman and child in the state should have access, not just to basic minimum needs, but to all the opportunities to lead a happy and fulfilling life; and that we must emerge as a knowledge and a learning society built on values of hard work, honesty, discipline and a collective sense of purpose.”

Vision 2020

B. CONTEXT FOR THIS WHITE PAPER

As can be seen from the above, the minimum requirements of good governance are the presence of law & order, since the rule of law is a precondition for a participatory society, a transparent & accountable administration that formulates & implements policies that are effective & efficient, & the absence of corruption.

However, three factors-land, natural resources and government contracts or licenses were made the predominant sources to siphon away money and loot state exchequer during 2004-2014. By killing transparency and substituting special interest for the public interest, governments both at the Centre and State have perpetuated new methods of corporate corruption which was
evident in scams like 2G, Coal licenses, Irrigation contracts and others. Administrative and political corruption was rampant and “quid pro quo” had become common corrupt practice. Bribery and misappropriation of public funds has led to increased number of money laundering cases-the process of concealing illicit gains that were generated from criminal activity. The inefficient and corrupt practices have led to price rise, unemployment and policy paralysis due to arrest of many bureaucrats. All these have impacted the economy severely leading to sharp depreciation of rupee and also negative perception over our country in the eyes of many foreign nations.

Irrigation Projects were taken up without detailed project reports and simultaneous grounding of large number of projects was done only for the benefit of cronies of corrupt politicians. Staggering amount of over Rs90,000 crores was spent without achieving the targeted benefits but helped create corrupt billionaires. Launch of health schemes like Arogya Sree made no perceptible change in health indicators because the schemes were used to appropriate public money and degrade governmental institutions. Government institutions were reduced to pitiable state. It is pertinent to observe that during 1999-2004 the state recorded the highest growth in literacy rate in the country and in the subsequent period of 2004-2014 it has slipped sharply to the bottom. SEZ Policy was framed to the convenience of cronies of politicians who used it for grabbing large parcels of land. Companies were allowed to manipulate the policy to boost their market valuations and raise funds fraudulently.
Documented cases like Obulapuram Iron Ore Mining, Granite Quarrying, Barytes and other natural resources show how new “mafias” were allowed undermining democracy and rule of law. Failing to capitalize on the great start given to power sector by reforms during 1999-2004, lack of vision and non-maintenance of the good infrastructures by the subsequent governments have led to severe power crises in the state. Fallout of the power crises has been shut down of many industrial establishments and sharp rise in unemployment.

This White Paper analyses, how far the elements of governance have been ignored and the destruction of institutions happened in the representative areas of Law & Order, Excise, Urban & Rural Local Bodies & in other public institutions during 2004-2014. The paper also suggests way forward and steps needed for rebuilding the institutional framework.
LAW & ORDER

Law & order & consequently the Police is an essential prerequisite for peaceful & orderly functioning of any state & for good governance. An efficient & professionally competent police has multi–dimensional impact.

The evaluation of the productivity & performance of police institutions is difficult to enumerate & assess. However, an assessment of its performance can be made by assessing visible parameters like positive branding, safe place for investment, psychological impact of high certainty & assurance in the minds of citizens, which impacts the overall quality of life.

It can be observed that during 2004-2014 there was a sharp spurt in Political Murders, White Collar Crimes and cases like Money Laundering and others reflecting the connivance of the then administration with criminals. Incidents like murders in jails and several cases of acid attacks on women have put the state to shame.

The trends in the varied parameters pertaining to the functioning of the Police, during the last two decades are analysed & narrated as below:

a) GENERAL LAW & ORDER: During the period 1994 to 2004, all agitations & law & order issues were handled with tact & the usage of force was in consonance with the norms stipulated by law. Democratic protests were allowed. However, stringent action against acts of violence was taken by booking criminal cases & arresting the offenders. Absolute minimum force consistent with
situation was used and it was ensured that there is no loss of life during the agitations due to police action and inconvenience to normal life was minimal. Effective response was given during the natural disasters like cyclones, floods, etc.

**b) CRIME:** The crime scenario, during the period 1994 to 2004, indicates that crime under all the heads was well under control. Appropriate measures were taken to deal promptly, justly & effectively with the criminals. The effectiveness of the system was maintained. However, during the period 2004-2014, there was an increase in the rate of overall cognizable crime. It is a matter of concern that there is a significant increase in economic offences, cyber crime & crime against women & SCs /STs. Equally disturbing is the increase in the road accidents & the resultant deaths/injuries. Crimes against women have grown sharply from 6978 in 2004 to 14713 in 2013. Cases like repeated acid attacks on women and heinous crimes like Ayesha case have put the state to shame.

**c) EXTREMISM:** During the period 1994-2004, Naxalism emerged as the most potent threat to the internal security in India. However, the challenge was met with strong resolute action on the ground. The SIB which deals with the activities of extremists i.e. Maoists & other left wing groups, took proactive measures for rehabilitation to naxal groups combined with other well strategized measures resulting in controlling the naxal groups in the state. Greyhounds, elite Commando Force under-took high risk intelligence based anti-extremist operations in deep inhospitable strongholds of CPI
(Maoists). Development of Roads and Communication networks in interior areas, community Integration through Sports, Cultural Activities and Medical Camps were given priority.

In 2002, around 1233 CPI (Maoist) Cadres existed in AP & presently, the number is restricted to 271 (both AP and Telangana) out of which 86 cadre are in residuary AP State. Presently, the Maoist activities are confined to Srikakulam, Parts of Vizianagaram, Visakhapatnam Rural and East Godavari districts.

d) COMMUNALISM: During the period 1994-2004, the Communal situation, even though fragile at times, was handled with professional competence. There were no terror attacks. The Counter Intelligence cell was created in 2002 to deal with the subversive activities sponsored by Pakistan / ISI, Indian Mujahuddin modules, Organized crimes and under covered terrorism, circulation of fake Indian currency, money laundering and Hawala, Drug trafficking etc. The capacity building has yielded substantial results in subsequent years. However, during the period 2004-2014, there were a series of terror attacks in 2005, 2007 and 2013 in Hyderabad.

e) FACTION: During the period between 1994-2004, the problem of faction in the (4) Rayalaseema districts was tackled by taking series of stringent measures & the faction groups became weakened. The stringent action initiated, during the period between 1994-04, yielded substantial result in curbing the faction crime in subsequent years.
f) PERSONNEL POLICY: During the period 1994 to 2004, there was a transparent policy of transfers which resulted in stable tenures & consequently improved the delivery systems. The system of counselling adopted for transfers gave good results. The performance appraisal system adopted was scientific. However, during the period 2004-2014, extraneous pressures played a prime role in the policy of transfers and postings. An increasing tendency, over past few years, is discernible in the police, especially at the level of SIs, CIs & SDPOs to seek intervention of the power that be, in order to get postings or transfers to any place of their choice. The extraneous influences have gradually led to undermining of the authorities of Police leadership and both internal & external accountability mechanisms have suffered a major blow.

g) FOREST AND MINING MAFIA: During the period 1994-2004, organized crime was dealt with in a professional manner resulting in curtailing the activities of gangs. Stringent measures were initiated to deal with organized crime. However, the period from 2004-2014 has witnessed an alarming rise of forest and mining mafia & plundering of the State’s wealth on an unprecedented scale.

h) RED SANDERS SMUGGLING: Red sanders smuggling has now reached the level of organized smuggling activity involving notorious gangs and kingpins based in Chennai, Bangalore, and Mumbai and even outside the country. It is primarily smuggled to
China, Japan and South East Asia for furniture, medicine and musical instruments. Involvement of professional gangs of smugglers coupled with extraneous patronage has given spurt to the illegal felling of red sanders trees on an unprecedented scale, as can be seen from the table below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases booked</th>
<th>Accused Arrested</th>
<th>Logs seized</th>
<th>Vehicles seized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5</td>
<td>13</td>
<td>111</td>
<td>2</td>
</tr>
<tr>
<td>2005</td>
<td>14</td>
<td>72</td>
<td>1068</td>
<td>15</td>
</tr>
<tr>
<td>2006</td>
<td>12</td>
<td>26</td>
<td>692</td>
<td>17</td>
</tr>
<tr>
<td>2007</td>
<td>70</td>
<td>173</td>
<td>4147</td>
<td>48</td>
</tr>
<tr>
<td>2008</td>
<td>40</td>
<td>85</td>
<td>1963</td>
<td>15</td>
</tr>
<tr>
<td>2009</td>
<td>24</td>
<td>60</td>
<td>781</td>
<td>14</td>
</tr>
<tr>
<td>2010</td>
<td>123</td>
<td>480</td>
<td>5284</td>
<td>49</td>
</tr>
<tr>
<td>2011</td>
<td>253</td>
<td>1091</td>
<td>9782</td>
<td>187</td>
</tr>
<tr>
<td>2012</td>
<td>309</td>
<td>1578</td>
<td>11384</td>
<td>232</td>
</tr>
<tr>
<td>2013</td>
<td>495</td>
<td>3489</td>
<td>12852</td>
<td>357</td>
</tr>
<tr>
<td>2014</td>
<td>268</td>
<td>1852</td>
<td>9062</td>
<td>242</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1613</td>
<td>8919</td>
<td>57126</td>
<td>1178</td>
</tr>
</tbody>
</table>

i) **LAND MAFIA:** With rapid urbanization, the land mafia emerged, especially during the last few years, encroaching Government & public lands particularly in the urban centres. Land grabbing was resorted through this mafia, by powerful builders & with the active involvements of person in power – in politics, administration & real estate. Even though the data is not available, the rise in number of civil disputes and other related crime does indicate an organized network of land grabbers, causing financial loss to the State. Because of the inaction of the government in controlling the land grabbers, real estate agents & their abettors, the ordinary citizens have come to lose faith in the Government and administration.
j) **MINING MAFIA:** The mining mafia emerged in the last decade in the State & was fuelled by global market forces. The mining mafia has posed a serious threat to the established norms of democratic functioning of the Government and the rule of law. Powerful & well connected people monopolized control over the mineral resources, which are primarily the wealth of nation and have to be judicially used and conserved for the future.

The prominent features of mining mafia in the State are, as follows:

i) Powerful people joining hands with organized criminals.

ii) Monopolization of natural resources.

iii) Acquisition of limitless financial powers & cowing down all organizations of Government by lure / threat.

iv) Domination by private armies financed by ill-gotten money & making ineffective all organs of administration.

v) Abetment & collusion at all levels of governance.

vi) Antiquated mining rules requiring only nominal royalty & unequipped mining bureaucracy failed to stop illegal mining in non allotted areas.

The mining mafia dominated the quarrying of sand. The lacunae in the policies pertaining to the mining of sand & which enabled the mafia to indulge in malpractices are mentioned below:

i. **2007 Policy:** Sealed Tender-cum-public auction of feasible sand bearing areas was introduced vide G.O.Ms.No.84, Ind. & Commerce (M.I) Department, dated: 10-04-2007. This policy
fuelled a major rush by the mafia to control sand mining. The policy suffered from the following prominent lacunae:

- No restriction on the quantity of sand extracted.
- Allotment made to the highest bidder, leading to indiscriminate quarrying of sand.
- No price control leading to a steep increase in the sale price of sand.

### ii. 2012 policy:

The 2007 Policy was changed vide G.O.Ms.No. 154 Industries & Commerce Department, dt.15.11.2012, due to the orders of the Hon’ble Supreme Court, dated: 27.02.2012, stipulating environmental clearance from MOEF. The allotment of sand reaches was through lottery system for specified quantities as per the feasibility & the environmental clearance on the collection of the minimum assured amount. After the introduction of the new sand policy most of the sand reaches were put for drawl of lots for allotment. A sizable number of sand reaches remained non-functional due to stay orders granted by the Government / Hon’ble courts. The following irregularities are noticed:

- The Industries & Commerce Department extended the lease period & allowed sand extraction after the expiry of the lease period as per Rule 9-T (2) of APMMC Rules, 1966.

- The Industries & Commerce Department extended the Mineral Dealer Licenses & allowed the left over sand in sand stockyards against Rule 9-k (3) of APMMC Rules, 1966.
The Government permitted extraction of sand, free of cost, for local consumption up to 3rd order streams / rivers, as per rule 9-C (2) of APMMC Rules, 1966. However, this led to illegal collection & transportation of sand to the nearest towns, under the guise of local consumption.

iii. 2013 Policy: Subsequently, vide G.O.Ms.No.186 Industries & Commerce Department, dated.17.02.2013, quarrying of sand in patta lands & de-siltation of Irrigation project areas was regulated continuing the system of allotment of sand reaches through lottery system. However, the lacunae in the system failed to control the second sale after allotment & the illegal quarrying in the adjoining areas.

WAY FORWARD

It is evident that the absence of sound policies or the presence of warped policies have had a debilitating effect on governance in the recent past and as result, ultimately the common man, as well as the State has suffered. The entire gamut of the governance related issues have to be understood & steps taken to ensure proactive, transparent and citizen-friendly governance.

In respect of Law & Order, the way forward is the institutionalisation of a zero tolerance strategy towards crime, which requires proactive leadership and robust organizational structure and the following measures:
a) **Intensive use of IT & Technology**: This will help in controlling crime, especially in the urban areas, by the use of:

   I. CCTV networks at public places.
   II. Data integration.
   III. Use of social media to collaborate with public on issues relating to crime, traffic, security etc.
   IV. Use of advanced forensics & cyber technology for crime prevention and detection.
   V. Lean management practices integrated with the latest technology inputs will assist in making police transparent, accountable & effective with faster service delivery.

   VI.

b) **Capacity building for curbing the mafia**: The mafias have been indulging in the plunder of natural resources including red sanders, sand, and other minerals causing substantial financial loss to the State as well creating fault lines in the democratic functioning of state. Capacity building of the police organisation is required for:

   I. Creating appropriate structures & skills to break the complex system of mafia operation.
   II. Technology driven operations.
   III. Best international practices to be adopted.

c) **Crime management practices to be standardised**: In order to bring the crime management practices to international standards, the following steps need to be taken:

   I. Use of technology to decrease police response time.
II. Seamless integration of data across the police organization & also the cross organizational data for ensuring the prompt retrieval of data & the use of analytics to develop appropriate response strategy to reduce the crime.

III. Focused approach to investigation & follow up mechanism for court trials.

IV. For handling Economic offences, in the (7) tier – II cites (Kurnool, Tirupati, Nellore, Guntur, Vijayawada, Kakinada, Vizag), Special investigation Units (SIUs) need to be created for handling the economic & Cyber Crime. The urbanization in AP is rapid & above the national average & the complex crime cannot be solved without these SIUs.

d) Sensitisation of Personnel: Imparting of soft skills including sensitization towards weaker sections, minorities, & women in order to build the capacity of giving an appropriate measured response to issues relating to law and order maintenance as well as to issues of crime control.

e) Public Consultation: The implementation of Community policing as a collaborative effort to increase the police outreach to the community & the use of social media to increase the collaboration with public and introduce legitimacy to police response to situations are two useful steps.

f) Financial: Section 46 & Section 9 of the AP Re-organization Act, 2014 stipulates development packages and grants for replication of police institutions in the Residuary Andhra Pradesh. Proposals have been sent to the Government for Rs.7417 crores, under the 14th

g) Extremism:- As extremism continues to be a challenge area for police, the replication of existing institutions like Grey Hounds and Octopus is absolutely essential and the following steps are required to be taken:

I) Replication of the Greyhounds Organization in AP.

II) Identification and alienation of 600 Acres of Land for GHs Training Centre in Operational HUB, Visakhapatnam.

III) Commando Training Centre & Hqrs (for OCTOPUS) to be established at Tirupathi, Vizag or any other suitable location.

h) Inclusion of security requirements: Including the New Police Station, Circles, Sub-Divisions in the planned Budget for Coastal Corridor, ITRs, PCIRP and other new mega projects.

i) Creation of integrated training facility: APPA to be a clustered institution as incubation centre for all the departments under Home department for training all the departments coming under home department. Lean Management practices for training have to be followed.
SAND POLICY

Changes in sand policy have been initiated by the State Cabinet recently. The policy change is expected to bring an end to the domination of the sand mining by the mafia, while at the same time making sand available at a reasonable price to the consumers and benefiting the Self-Help Groups & their federations. Key points of the new policy are:

1. All sand reaches in the State will be entrusted to M/s A.P. Mineral Development Corporation (APMDC) Ltd.

2. Reaches will be allotted to the District / Mandal / Gram Mahila Samakhayyas for sand quarrying depending on the potential of each sand reach.

3. Sand will be made available at reasonable prices both at the quarry site & as well as at various stock points.

4. Extraction will be carried out scientifically & monitored using CC cameras at quarry sites as well as stock points.

5. All the payments will be only through the banking system and no cash transactions shall be allowed.

6. M/s. APMDC Ltd., Department of Mines & Geology and Department of Rural Development at the State level and the Collector & S.P. at the District level will provide guidance & support including capacity building, working capital requirements, procurement of machinery, transport, loading &
unloading, safety, protection & immediate support in case of any Law and Order situation.

7. 25% of the net profits would be made over to the Self Help Groups.

8. M/s. APMDC Ltd., will support the Zilla Mahila Samakhyas in establishing manufactured sand units wherever feasible.
The underlying intent & purpose of Excise policy of the Government of Andhra Pradesh is to regulate the sale, purchase, possession, production, manufacture & transport of intoxicating liquors & drugs and the levy of duties of excise & countervailing duties on alcoholic liquors for human consumption. For regulating the sale & possession of intoxicating liquors, the Government has made several enactments & the Prohibition & Excise Department is responsible for implementing the regulations.

The Prohibition & Excise Department plays the dual role of ensuring on one hand the accrual of revenue to Government arising from the sale of liquor and at the same time of ensuring the controlled and regulated availability of liquor in the larger interest of society, since the rampant availability of liquor has a harmful effect on social behaviour, morality, public health and the safety and security of women & children. This is in fact akin to tightrope walking and requires calibrated decision making at both the policy making & the executive levels.

However, in recent years, certain policy decisions & an over-emphasis on the revenue aspects has made a negative impact on the governance of the Excise system, as a whole & the functioning of the Excise Department, in particular. These decisions are relatable to the adoption of the auction route for the licensing of the retail outlets, inaction in controlling the influence of the
syndicates in the liquor trade & the unauthorised outlets (belt shops). The effects of these decisions & their impact on the Excise governance is as stated below:

a) **Adoption of the Auction Route for Retail Licensing of Liquor:** The Government has adopted the auction system for the allocation of the licensed retail liquor outlets during the period from 2005-06 to 2011-12. The Government had two options before itself viz. to follow the auction route for licensing, wherein the allotment of the shop was made to the highest bidder or to adopt the route of having a fixed license fees, on the basis of population, and then selecting the licensee through the method of the drawl of lots or any other transparent method.

The adoption of the auction route, while temporarily helping in shoring up the revenues of the Government has led to very serious negative consequences, such as:

**Unhealthy Competition:** The adoption of the auction system spurred intense & unhealthy competition among the bidders. The bidders aimed to obtain the license, at any cost, and for this purpose they have thrown ordinary caution to the winds.

**Cartel formation:** Since the operation of the licensed shops involves huge capital investments it has led to the capture of the trade by a few people and the exclusion of the majority.
Unsustainable growth of Revenue: The bids offered & accepted have no relation to the return on investment from the liquor shops & this has led to the unhealthy growth of revenue not commensurable to the returns offered by the sale of IML.

Large MRP violations: In order to recover the heavy investments made in the form of exorbitant license fees, the licensees rampantly violated the MRP, in a criminally organised manner.

Increase in the number of un-authorized outlets: The licensees in order to maximize their returns set up large number of unauthorized outlets, commonly known as belt shops.

Spurt in ID liquor (illicitly distilled liquor) production: The increase in liquor prices also led to the spurt in ID liquor production & consumption due to substitution.

Exploitation of consumers: Higher liquor prices led to exploitation of consumers & generation of illegal incomes, as the rentals arising from the violations were unaccounted for.

b) Inaction in controlling the influence & activities of the syndicates: The overemphasis on revenue, during the period from 2004-05 to 2011-12, the steep barrier placed on the entry of new players due to the high license fee regime put in place by the auction route of licensing led to the domination of the liquor trade by syndicates. The syndicates acted in concert & indulged in widespread malpractices. The Syndicates also made the officials of the Excise Department willing / unwilling accomplices and this led to the subversion of the Excise system, as was revealed in the investigations made by the Anti-Corruption Bureau (A.C.B).
In the year 2011, during a surprise check on an excise vehicle, where huge cash amount was seized, it was established that the amount seized was collected illegally by the Excise officials from owners of the wine shops of Karimnagar district, who had formed themselves as a Syndicate, for favouring them by way of not taking any action mandated under the Excise Act for violation of the Excise laws, Rules & License conditions such as sale of liquor over & above the MRP rates, illegal belt shops, sale of loose liquor, etc.

In the follow up investigations conducted, the ACB had detected two types of cases, i.e. those relating to bribery and those relating to Benamis.

Searches were conducted by ACB officials, at liquor syndicate offices of all districts & after scrutiny & analysis of the seized records, the ACB has registered (24) criminal misconduct cases pertaining to payment of bribes by the syndicate leaders to the officials of enforcement agencies (Excise & Police) & (2) misconduct cases pertaining to irregularities in auction process of A4 wine shops in Khammam district. After completion of investigation in the bribery case, (17) charge sheets were filed & (139) officials were placed before Tribunal for Disciplinary Proceedings, (16) officials were placed before Commissioner of Inquiries & Departmental action was initiated against (21) officials of Excise Department of 9 districts.

During the investigations into the bribery cases & on reliable information that irregular practices have taken place in auction of A4 wine shops, searches were conducted at offices of Excise
Superintendents of all districts & the auction files related to A4 wine shops were seized.
The scrutiny of the auction files & corresponding field verification revealed that a few persons managed to secure a major stake in the liquor business & arranged participation of persons, in the filing of tenders & also arranged necessary support including provision of funds & managed to get licenses in the name of white ration card holders, as benamis, with the assistance & collusion of the officials of Excise Department.
The investigation into the above liquor cases, revealed that by payment of regular bribes to the officials of Excise & Police, the Liquor Syndicate leaders committed violations of the Excise Rules for huge profits in the liquor trade. The Excise officials did not effectively enforce the above rules of A.P. Excise (Lease of Right of Selling by Shops & Conditions of License) Rules, 2005 & gave scope to licensees / syndicate leaders to earn profits illegally. Further, the Excise officials also violated Rule 52 (Monetary transactions with officers prohibited) & had monetary transaction with licensees. The violations of the Excise Rules were also noticed during the investigation of cases pertaining to benami transactions & the syndicate leaders were allowed to obtain the licenses in the names of white ration card holders, as benamis & allowed benami transactions in liquor trade.
After completion of investigation in the Benami cases, (26) charge sheets were filed & (203) officials were placed before Tribunal for Disciplinary Proceedings (TDP), (110) officials before Commissioner
of Inquiries & Departmental action initiated against (3) officials of the Excise Department of (13) districts. In addition, (90) private persons, including kith and kin of some of the then Ministers, influential politicians & liquor dealers were booked for their direct involvement in the whole scam. Some ministers have brazenly admitted to their relatives controlling large number of retail liquor outlets. The involvement of the large number of officers & staff of the Excise Department & initiation of criminal & disciplinary action severely dented the morale & image of the Department.

c) Inaction in controlling unauthorised liquor outlets (belt shops): The negative effects of the over emphasis upon revenue & domination of liquor trade by syndicates also manifested itself in the form of unauthorized liquor outlets, known in the local parlance, as belt shops.

The liquor syndicates, in order to increase profits, established an informal network of unauthorized extension counters in the villages. It is estimated that around 15,000 such outlets were established. In these outlets, liquor was unauthorizedly sold, at higher rates, & these outlets were mostly operated by the nearby licensed outlets, as unauthorized extension counters.

Liquor & Tobacco are often called as dirty goods. As part of prudent Government policy, even in the face of temptation to increase revenue there is need to regulate & curtail their availability, in order to achieve the larger objectives of law & order, peace & tranquillity and safety of women & children.
Due to the proliferation of the unauthorized outlets, the above objectives could not be ensured leading to protests by civil society & women organizations. The unauthorized outlets also led to widespread MRP violations & added to the parallel economy. The increase in the prices also led to the prevalence of sale of ID liquor & decline in the sales in the regular outlets, leading to loss of legitimate revenue to the Government.

Thus, the implementation of flawed policies in the sphere of Excise & turning of a blind eye to the rampant violations of the Excise Act & Rules had an extremely deleterious effect on the governance of the Excise Department & engendered corruption & ultimately lowered the image of the Department in the eyes of the people.

**WAY FORWARD**

In respect of the **Prohibition & Excise Department** the following steps, need to be taken:

a) **Excise Policy:** The Excise Policy of the Government enunciated for the year 2014-15 & under implementation follows the fixed licence fee system with drawl of lots for the selection of the licensee. This system avoids the pitfalls inherent in the auction system. The best practices followed in the other States are being studied to evolve a policy which while preventing leakages & optimising the revenues, protects the interests of the consumers and the concerns of women & society.
b) **Unauthorised Retail Outlets (Belt Shops):** As per the policy decision taken by the Government, comprehensive steps have been taken for the eradication of the unauthorized outlets (belt shops). Amendments have been made to the AP Excise Act, 1968 & the AP Prohibition Act, 1995 reducing the quantity of liquor that can be possessed, without a permit. (29) Special Task Force Units (STFUs) have been set up in the State for strict vigil & enforcement. To create widespread awareness & keep a constant vigil against the unauthorized outlets, District, Mandal and Village Level Committees have been constituted by the District Collectors. The civil society viz. SHGs, SHG Federations & NGOs are also involved in this campaign against the unauthorized outlets. The enforcement activities have been considerably stepped up and since 9th June 2014 (2,065) cases have been booked, (1,978) persons arrested, (7555.90) litres of IMFL & (1981.58) litres of Beer have been seized from the unauthorized outlets. All these steps have made a salutary impact & as a result, the sale of liquor in the unauthorized outlets has been curbed. However, the momentum has to be maintained for protecting the interests of the women & society. The Prohibition & Excise Department has to use the services of other Departments viz. Revenue, Urban & Rural Local bodies, as also SHGs & NGOs intensively in the campaign.

c) **Use of Technology:** From 01.07.2014, the Prohibition & Excise Department is implementing the HEALs (Holographic Excise Adhesive Labels) for curbing of spurious liquor in the market. The
Track & Trace facility of HEALs is to be rolled out so as to ensure prevention & detection of crime and for supply chain optimisation.
LOCAL BODIES

“In this structure composed of innumerable villages, there will be ever widening, never ascending, circles. Life will not be a pyramid with the apex sustained by the bottom. But, it will be an oceanic circle, whose centre will be the individual, always ready to perish for the village, the latter ready to perish for the circle of the villages, till at last the whole becomes one life composed of individuals, never aggressive in their arrogance, but ever humble, sharing the majesty of the oceanic circle of which they are integrated units. Therefore, the outermost circumference will not wield power to crush the inner circle, but will give strength to all within and will derive its own strength from it.”

Mahatma Gandhi

Integrating institutional reforms in local governance with economic reforms was Gandhiji’s far-sighted vision of ‘Poorna Swaraj’. Article 243 of the Constitution of India mandates the Panchayat Raj Institutions (PRIs) & the Urban Local Bodies to perform vital civic & development functions like providing drinking water, sanitation, road network, street lighting, etc. 29 subjects of PRIs and 18 Subjects of ULBs under Schedules XI and XII of the Constitution are to be transferred under Acts No. 13 and 19 of 1994 respectively.
The Constitution also requires the State Governments concerned to take all necessary steps to empower the Panchayat Raj Institutions to work as local self-governments. A study of the functioning of the Panchayat Raj system, in the last decade reveals that not only the empowerment of the PRIs has taken a back seat, the minimum conditions required for making these institutions functional & vibrant, have also not been met.

Despite excellent innovative and pragmatic initiatives like e-governance and others taken during 1999-2004, the subsequent governments have failed to capitalize on them. And unfortunately corrupt practices and inefficient administration during 2004-2014 has led to near breakdown of the institutional framework. There was no accountability and transparency. Lack of vision and leadership has eventually spawned unrest on many issues.

The deficiencies observed, are narrated, as follows:

a) **Non-conduct of Elections**: Conduct of elections to the local bodies is a necessary precondition & a Constitutional obligation. During the period between 1994 to 2004, elections to all the PRIs & Urban Local bodies were held soon after commencement of Acts No. 13 and 19 of 1994. The State has failed to conduct the elections and the Mandal Parishads & Zilla Parishads from July 2011 to July 2014 & the Gram Panchayats from August 2011 to July 2013 did not have elected representatives. The Urban Local Bodies in the state did not have elected bodies from October 2010 to June 2014. Also ULBs in the State faced several difficulties in the absence of elected bodies from October 2010 to June 2014. The entire local
body administration was in the hands of officials, a poor substitute for popular representation. Thus, the people of the State were deprived of the benefit of accessible & responsive local bodies for almost two years for the PRI bodies & 4 years for the Urban Local Bodies.

It is to note that even the elections, when conducted, were held upon the intervention of Hon’ble Supreme Court of India in the matter.

**b) Non-Constitution of Finance Commissions:** The 1\(^{st}\) & 2\(^{nd}\) State Finance Commissions were constituted & their recommendations were placed before Legislative Assembly along with Action Taken Report, whereas during 2004 to 2013 the State failed to meet the statutory requirement. The 4\(^{th}\) State Finance Commission, which was due to be constituted in 2008, as required under Article 243 (I) and Act No. 13 of 1994 and Act No. 19 of 1994 was not constituted, despite representations from various quarters.

Even the recommendations of the Third State Finance Commission, which submitted its report to the Government on 29.01.2008, covering a period of 2005-06 to 2009-10, have not been fully operationalised.

In respect of the ULBs, the 3\(^{rd}\) State Finance Commission (SFC) made 23 recommendations pertaining of which 10 are financial recommendations & 13 are non-financial recommendations & recommended an amount of Rs. 489.38 crores per annum to ULBs
for the above period. In December, 2013 after a delay of more than 5 years Government have issued orders accepting one recommendation of Third SFC out of 10 recommendations pertaining to payment of arrears of Rs. 123.13 crores from 2010-11 in respect of property tax and water charges on Government properties to ULBs, but the money is not released.

As a result, the devolution of grants to the PRIs / ULBs has not been taken place in desired way. The failure of the Government to act upon the recommendations of a statutory Committee, set up by itself, reflects very poorly of its commitment to the local bodies.

c) **Non Release of funds under 13th Finance Commission:** A direct negative consequence of the non-adherence by the State Government to the constitutional requirement of conduct of the elections to the local bodies in 2010-11, was the non-devolution of Rs. 909.44 crores under the 13th Finance Commission grants by the Government of India to the PRIs & Rs 516.36 crores to the ULBs. Government of India did not consider giving awards to the PRIs & the ULB’s in the State as the constitutional requirement of holding elections was not fulfilled during the years 2010 to 2014. Also the projects proposed under the JnNURM scheme to the tune of Rs. 1,440 crores were not sanctioned.

The PRIs & ULBs were starved of funds & unable to provide the basic functions of sanitation, water supply and other civic amenities to the citizens.
d) **Non-release of the assigned revenues**: The State failed to transfer the mandated share of funds to the PRIs. In 2012-13 only Rs. 66 crores out of the Rs 550 crores, collected as seigniorage fee was transferred to PRIs. No effort was made to enhance per capita grant to the Panchayats which remained @ Rs. 4 for GPs and ZPPs and @ Rs. 8 for MPPs from 2004.

Similarly, the ULBs also did not find relief even to get their assigned revenues released from the state government. There is no timely release of funds to ULB’s affecting their financial health. The Governments during 2004 to 2014 did not take any concrete measures to improve and strengthen the financial base of ULBs. No effort was made to enhance per capita grant to the ULBs, which remained @ Rs. 8 from 2004 onwards.

**d) Lack of development of Civic Amenities:**

The maintenance grant under non-plan has not been increased in consonance with the requirement. Hence the facilities created at a huge cost are not being maintained properly. Further, there is practically no solid waste management in the villages and open drains in the villages are a health hazard. Further, rural roads in the state are in a bad shape. Out of the total of 76,894 kms of rural roads, only 28,500 kms are BT/CC roads.

**e) Out of (111) ULBs in the State, (70) are supplying water daily, (33) once in two days, (7) once in three days & 1 (Madanapalli) once in four days. Only (7) ULBs meet the prescribed per capita**
water supply norm of 135 lpcd. The per capita supply is more than 70 lpcd in 56 ULBs & less than 70 lpcd in 48 ULBs.
Under Ground Drainage (UGD) is existing in 6 ULBs and partially in 2 ULBs. Door-to-Door collection of garbage is implemented in 23.65 lakhs households out of 31.69 lakhs households. The percentage of door-to-door collection of garbage is 75%. The segregation of wet waste & dry waste is 32% of the Garbage generated. Only 80 ULBs are provided with dumping yards & processing activities is not taking place at majority of the dumping yards.

**f) Gram Sabhas:** The Gram Sabha is an important mechanism to reflect upon & fulfil the aspirations of the people. During 1996-2004, the Janmabhoomi programme was introduced with a focus on the Gram Sabha & it was made a platform for ensuring transparency, accountability and securing peoples participation in governance for identification of beneficiaries and implementation of programmes. Instead of further strengthening the Gram Sabha, the Governments during 2004 to 2014, diluted the participatory processes.

**g) Sanitation:** The Government, during the period 1994-2004, used to conduct the Clean & Green programme on every 3rd Saturday in which community participation was encouraged. Special drives were conducted to remove garbage, cleaning of drains and planting of saplings. The Self-Help Groups, Resident Welfare Associations, officials & non-officials participated with enthusiasm. Water conservation activities and liquid & solid waste management
activities were promoted on a large scale by introducing various interventions. However, during the period 2004-2014, steps were not taken to sustain the momentum created earlier, resulting in poor sanitation & unhygienic environment in both the rural and urban areas.

The deficiencies specific to the Panchayat Raj Institutions are stated as follows:

i) **Non-payment of CC charges to APTRANSCO:** The Government issued a GO for the payment of CC charges of Gram Panchayats to APTRANSCO through a centralized payment system. The Government reneged on its obligation & CC charges arrears accumulated to Rs 660 crores, as on May 2014. The DISCOMS started disconnecting power connections to the street lights / PWS schemes causing hardship to the common man.

ii) **Functionaries:** In the year 2001, to make the Gram Panchayat the nucleus for development at the village level, the Village Secretariat System was introduced & a Panchayat Secretary was appointed for each Gram Panchayat. 12,955 posts were created in 13 districts of A.P. However, the introduction of the cluster system, in the year 2007-08, reducing the number of posts to 7,165 by organizing 3-5 panchayats into a cluster, badly affected the initiative for holistic grass root level administration. The large number of vacancies in the PRIs has badly affected administration at the cutting edge level.
iii) **Comparison with Other States:** The neighbouring states of Kerala, Karnataka, Maharashtra & Tamil Nadu have initiated & implemented several programmes to strengthen the PRIs. The Ministry of Panchayat Raj, GOI has conducted a study to assess the extent of devolution to PRIs by the States through an independent agency. The rank of Andhra Pradesh fell from 8\textsuperscript{th} in the Devolution Index during 2009-10 to 10\textsuperscript{th} in year 2010-11. The state did not qualify for ranking in 2011-12 & 2012-13 as the State did not fulfil the mandatory Constitutional requirement of holding elections to PRIs & establishment of State Finance Commission.

The **deficiencies** specific to the Urban Local Bodies are stated as follows:

i. **Slow Progress under JNNURM:** Under JNNURM, 152 urban infrastructure projects have been sanctioned, during 2005-06 to 2011-12, with an outlay of Rs. 6,620 crores. 97 projects have been completed at a cost of Rs. 2,416 crores. 55 projects with an estimated cost of Rs 1969 crores are under progress.

Under the JNNURM weaker section housing component, 89,358 dwelling units are sanctioned with an outlay of Rs. 2,085 crores. 57,871 dwelling units have been completed, 17,822 dwelling units under progress & 13,665 dwelling units are to be dropped. Only 64\% percentage of the total dwelling units are completed.

Due to the slow progress of the JNNURM Projects, during the Mission period of 2005-06 to 2011-12 the Mission period had to be extended from 1-4-2012 to 31-3-2015. Proper planning and
appraisal of the projects at initial stage itself could have led to proper & timely implementation.

ii. Poor progress of A.P. Municipal Development Project: The APMDP, a World Bank aided project, commenced on 22.01.2010, with a project period of six years & outlay of Rs 1,116 crores for sustainable urban infrastructure. Though 6 projects relating to water supply are under progress, the progress is poor & the project is not fully deployed.

iii. Non-Revision of Property Taxes: The Government has failed to ensure the periodic revision of property tax, once in five years. The last general revision of property tax was made in all ULBs w.e.f. 01.04.2002 for all buildings & in 2007 in respect of non-residential buildings only. Property tax was not revised for residential buildings & non-residential buildings from 01.04.2007 & 01.10.2012, respectively in all ULBs. This inaction has eroded the financial position of the most urban local bodies so much so that they are not in a position to meet their statutory obligations. Property Tax was not levied in the newly upgraded Nagar Panchayats & the merged villages of ULB’s. It is estimated that ULBs would have realised an additional income of at least an amount of Rs. 250 Crores by periodical revision of property tax. This is an opportunity lost.

iv. Non-revision of Water Supply Charges: The water charges in all the ULBs were last revised during 1997-98. There is steep increase in the O&M of water supply during the last 15 years. The
failure of the Government to revise the water charges periodically has resulted in poor maintenance & supply of water adversely affecting the citizens.

v. **Non-Constitution of the State Property Tax Board:** As mandated by the 13th Finance Commission, the Municipal laws have been amended w.e.f. 12.10.2012 to provide for the constitution of A.P. State Property Tax Board for assistance & technical guidance to all ULBs for proper assessment & revision of property tax. However, the State Property Tax Board is yet to be constituted.

vi. **Lack of focus on Poverty Alleviation Schemes:** No focused attention was placed upon the implementation of poverty alleviation programmes, slum area improvement programmes, SHG livelihoods, youth empowerment & skill development.

vii. **Violation of Rules in many projects:** Example- M/s Ramky Pharma case. The green belt of Ramky Pharma City (India) Ltd was approved vide LP.No.73/07, for the benefit of the applicant, in total disregard of the extant rules. The green belt was reduced to 50 metres from the prescribed 250 mts in the approved master plan. Due to this the layout developer/APIIC was able to gain Ac 481.83 cts plotted area.

**Note on e-Suvidha:** The Governments during 1994-2004 have initiated the process of computerisation of Municipal records for better maintenance of the office records, for curbing misappropriation of funds and for providing speedy, corruption free and transparent services to the public and 16 modules were
finalized and municipal services were connected to E-Seva centres for providing services like payment of all types of Taxes and Bills of all departments, mutation of records, issue of birth and death certificates etc. But during the period 2004-14, modernisation of e-suvidha was not taken care of and the outdated machinery is still used for the same purpose.

WAY FORWARD

It is evident that the devolution of 3Fs (Functions, Functionaries and Funds), as envisaged in the 73rd & the 74th Constitutional Amendment Act, has not taken place. The Government is committed for the strengthening of Panchayat Raj Institutions & Municipal Bodies by devolving necessary Functions, Functionaries and Finances (3Fs) in the true letter and spirit. At present the local bodies, both urban & local, are equally ill equipped to meet the rising aspirations of the citizens, who are now plugged into the global information highway.

This problem is more acute in the urban agglomerations, where consciousness levels are much higher & patience levels of the citizens are lower and the challenges, unless proactively addressed, are complex & manifold. There is need to frame a strategy for comprehensive development of urban areas including improvement of urban infrastructure services, urban planning, urban transport, poverty alleviation programmes, social development, environment, e-Governance, capacity building, etc., to improve the quality of life in urban areas. The local bodies cannot be transformed into the
vibrant & responsive models of good governance, until & unless the transfer of the 3Fs takes place. The time is now!

“Building sustainable cities - and a sustainable future - will need open dialogue among all branches of national, regional and local government. And it will need the engagement of all stakeholders - including the private sector and civil society, and especially the poor and marginalized.” Ban Ki-moon

Information and Communication Technology shall be utilized by the local governments in process simplification, enhancing transparency and accountability and providing delivery of services through single window.

Areas where space technology can be harnessed to bring about a qualitative change in the rural areas are:

i) Tele-education; ii) Tele-medicine; iii) Integrating Services through Village Resource Centre (VRCs); iv) Weather and Climate; v) Disaster Management; vi) Natural Resources Management

Most of the utilities/services mentioned above can be utilised for the urban areas also by the local bodies. Remote sensing has provided an important source of data for urban land use mapping and environmental monitoring. Importance will be given to ‘single window’ delivery mechanism for a variety of space-enabled services and products, such as tele-education - with emphasis on awareness creation, vocational training, skill development for livelihood support and supplementary education; telemedicine - with focus on primary, curative and preventive healthcare; information on natural
resources for planning and development at local level; interactive advisories on agriculture, fisheries, land and water resources management. These will be implemented through partnership with ISRO, reputed agencies and Governments.

The following steps are also contemplated to be taken in respect of both the PRIs & the ULBs:

1. Ten (10) Smart Cities will be developed and a separate Urban Mission will be constituted to develop 3 main cities and 12 other cities and to focus on urban development, urban services and urban planning, housing and skill development programmes.

2. Spatial Planning will also be introduced in all major villages starting with Mandal Headquarters.

3. Metro rail facilities will be introduced for Visakhapatnam and Vijayawada–Guntur–Tenali–Mangalagiri Urban Development Authority area.

4. The Fourth State Finance Commission which is due will be appointed shortly and strengthen the PR and Municipal Finances by implementing the recommendations of the Finance Commission.

5. A scientific approach will be evolved in enhancing and collection of all types of taxes in both Municipal and Gram Panchayats to improve the resource base. In order to improve the delivery system at Municipal and Gram Panchayat level, E-governance will be introduced. Accounting system will be computerized.

6. Performance monitoring system with transparent indicators will be introduced. As was done earlier, Gram Sabhas and Ward Sabhas will be made a platform for convergence,
accountability and transparency for effective implementation of flagship programmes of the Government.

The issue of governance & good governance is a matter that deserves the utmost attention of all the stakeholders. Good governance ultimately maximises public good & is beneficial for the citizens. On the other hand, poor governance often has disastrous results.

In this context the statement of the Secretary General of the United Nations, Ban Ki-moon (Security Council, 19th November 2009) is of relevance & is extracted below:

"...........as we all know, infrastructure is not just a matter of roads, schools and power grids. It is equally a question of strengthening democratic governance and the rule of law. Without accountability, not only of the government to its people but of the people to each other, there is no hope for a viable democratic State. "
INSTITUTIONAL DEGRADATION
&
POOR GOVERNANCE

An institutional set-up that ensures good governance usually has the following features:

1. Participation
All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.

2. Rule of Law
Legal frameworks should be fair and enforced impartially, particularly laws on human rights.

3. Transparency
Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

4. Responsiveness
Institutions and processes try to serve all stakeholders.

5. Consensus Orientation
Good governance mediates differing interests to reach a broad consensus on what is in the best interests of the group and where possible, on policies and procedures.
6. Equity
All men and women have opportunities to improve or maintain their well-being.

7. Effectiveness and Efficiency
Processes and institutions produce results that make the best use of resources.

8. Accountability
Decision-makers in government, the private sector and civil society organisations are accountable to the public, as well as to the institutional stakeholders. This accountability differs depending on the organisation and whether the decision is internal or external to an organisation.

9. Strategic Vision
Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

The decade of 2004-2014 was a clear case of missed opportunities both to the Nation and the State. The huge opportunity generated by the NDA Govt gave good impetus to the economy during the phase of 2004 to 2008. But the tax buoyancy and revenue jump was frittered away by the UPA Govt and the period witnessed the sharp rise in crony capitalism. Scam after scam has put the governance into question and there was policy paralysis for prolonged period hampering the growth of economy.
By 2014, the GDP growth rate has fallen to 5% and the weakness in the economy was reflected in the sharp depreciation of rupee, forex reserves falling to perilous levels and image of the country taking sharp beating in the global forums. Common man had to bear the burden of the UPA Govt’s follies. High inflation, soaring living costs and decline of many asset classes caused misery to many sections of the society.

**It was a double whammy for the State of Andhra Pradesh during this period which was also rocked by the agitations. The delay in assessing and addressing the issue of bifurcation by the Central Govt has led to a prolonged period of uncertainty in the state. With no proper governance in place the state suffered irreparable damage on several fronts.**

The State Government during the period 1994-2004 had initiated many reforms viz., e-Seva, use of IT in revenue generating fields like Registration, Transport, Commercial Taxes, Prajala Vaddaku Palana, Vana Samrakshana Samitis (VSS), Self Help Groups (SHGs), Water User Associations (WUAs), School Management Committees (SMCs) & Janma Bhoomi to empower the common man; for bringing the administration to the doorstep of the citizen and for a transparent and corruption free system.

The above programs had brought in more transparency and people interface with the Government has been reduced. The services which are need based and where there is no examination, application and interpretation of rules have been delivered through
IT initiatives. Technology had been used in revenue collection. As a result, a process of citizen centric service delivery has been put in place. The system had been envisaged to bring in more departments to its fold for expanding the hassle free service delivery.

In the year 1999, the Government of Andhra Pradesh rolled out the futuristic, vision for the State & released the State Vision Document 2020. **The Vision 2020 aimed to provide the people of Andhra Pradesh a SMART (Simple, Moralistic, Accountable, Responsive & Transparent) Government.** The objective of the SMART Government to provide efficient & effective Governance to its citizens was defeated by the inefficient performance of the government between 2004-2014.

Unfortunately the system has not been expanded though the scope is unlimited. **Many technological advancements have taken place during the period from 2004 – 2014. The advantage of revolutionizing the service delivery was wasted by non-performance of the government.** They have not been factored into the system to reach the stakeholders and enhance the quality of service. As a result the state, a pioneer in adopting best practices for citizen centric services during the 1994 - 2004 period, was relegated to backstage as they missed out on catching up and adopting the developments that took place during 2004 – 2014.
Adequate disclosure about services for which Citizen Charters were prescribed have not been made public. None of the Departmental websites mentions about Citizen Charter, the time limit prescribed nor the penalty for non-delivery and procedure for the redressal of grievances. To sum up the Government failed in meeting the aspirations and the expectations of people in providing accountable, responsive, participatory and transparent Government.

The Government has a well oiled machinery to function in accordance with the laid down law. But the Institutions at highest level interfered with the governance and as a result the functioning of the system had been affected. Fear and uncertainty set in and as a result the system developed cracks. It may not be an exaggeration to say that rampant & visible corruption permeated all sections of governance. The standard procedures followed were given a go by and the systems were run as per the whims & fancies of a few. This eroded the credibility of the Government and Government institutions, during the period 2004-2014.

Interference at the highest level, combined with corruption had not only resulted in bad governance but also hit the middle class and the common man the most. The Institutions which used to be edifices of good governance started caving in and degradation has set in calling for immediate remedial measures.
From Wikileaks- “In a cable sent as early as on October 22, 2007, to the US government, then US Consul for Chennai, David Hopper, said the YSR-led Congress government in Andhra Pradesh was engaged in corruption beyond the norm for India though the CM had spent billions of dollars on "politically popular" social programmes. The US official felt that many sections of the society were disgusted by the level of corruption in the YSR led Congress government.” This statement clearly showcases the state of affairs during 2004-2014.

It is important to recall that during the period of 2004-2014 the complete institutional framework was literally dismantled to the convenience and corrupt practices of the then governments. The state was discredited even abroad due to scams like Titanium Mining Scam. Audacity of the then government can be seen from the disrespect and contempt shown to constitutional bodies like CAG. Repeated judicial review of the policies shows the lack of respect for rule of law and indifferent and callous manner adopted in drafting key legislations.

The spate of corruption charges and the cases registered by the Central Agencies amply testifies the utter disregard exhibited in following the standard procedures and lack of respect for propriety. The volume of cases filed in liquor scam exemplifies not only bad governance and institutional degradation but also the existence of the element of organisational corruption. Many cases are monitored
by the judicial institutions. This, unfortunately, was the hallmark of the governance during the period 2004 -2014.

WAY FORWARD

It is evident that the absence of sound policies or the presence of warped policies have had a debilitating effect on governance in the recent past and as result, ultimately the common man, as well as the State has suffered. The entire gamut of the governance related issues have to be understood & steps taken to ensure proactive, transparent and citizen-friendly governance.

It is well-known that quality of Governance contributes to the improved human well being and sustained development. Experience shows that chronic poverty is generally associated with poor governance and persistent poverty is seen to be result of inefficient and poor use of public funds, corruption and poor service delivery. Keeping with the trend, the world over, there has been a renewed emphasis on improving the quality of Governance. Governance will be viewed as involving continuous reply to following three elements.

1. Institutions - adopted or created both formal and informal to bring about predictability, stability and efficiency in managing the social, economic or political transactions in any society.

2. The Delivery mechanism - including the executive apparatus adopted or evolved by the Institutions for implementing agenda and the objectives for which the said Institutions have been created, and
3. **The Supportive and Subordinate framework** - of legislation, rules and procedures formulated for delivering and meeting the states responsibilities of the concerned Institutions.

The **principles and benchmarks for Good Governance** will be evolved on the following points, such as:

i) improving service delivery, ii) development programmes for weaker Sections and backward areas, iii) technology and system improvements, iv) financial management and budget sanctity, v) accountability and transparency, vi) public service and Anti-Corruption measures, vi) incentivise reforms.

The issue of governance & good governance is a matter that deserves the utmost attention of all the stakeholders. Good governance ultimately maximises public good & is beneficial for the citizens. On the other hand, poor governance often has disastrous results.

In this context the statement of the Secretary General of the United Nations, Ban Ki-moon (Security Council, 19th November 2009) is of relevance & is extracted below:

"........**as we all know, infrastructure is not just a matter of roads, schools and power grids. It is equally a question of strengthening democratic governance and the rule of law. Without accountability, not only of the government to its people but of the people to each other, there is no hope for a viable democratic State. "

*****