Governance

Introduction

"Good Governance" has become the buzzword and magic recipe for development. Although the concept of good governance is not something new, it has, of late, come to signify some sort of panacea to root out the ills of authoritative or corrupt administration. It has entered into political and academic parlance as the World Bank and other aid providing agencies have made it a part of pre-condition for economic aid or for a process of reform qualifying for such aid. According to the World Bank, good governance is epitomised by predictable, open and enlightened policy making, a bureaucracy imbued with a professional ethos acting in the furtherance of the public good, the rule of law, transparent processes, and a strong civil society participating in public affairs (World Bank, 1994). Good governance is therefore, the basic building block for a cluster of government policies necessary for ensuring sustainable human development. Only when there is an environment of transparency in policy formulation, a culture of accountability among government officials, and stakeholder participation in decision-making, can one expect an overall development and visible change. Governments can no longer afford to support rigid, bureaucratic, reactive, rules driven administrative organisations, rather today's administrative system ought to be flexible, consultative, result-oriented and proactive, at the same time encouraging and supporting creativity and innovation from the bottom to the top in order to govern and provide services to the citizens at large.

The Significance of Governance

Historically, Maharashtra has been India's most industrialised State. It is also perceived to be one of the country's best-administered states, with the state capital, Mumbai, being the financial and commercial capital of the country. But unfortunately, in spite of being India's fastest growing and the most industrialised state, Maharashtra has not been able to establish an overall development record. While dealing with the targets and achievements of its economic goals, somehow the under-privileged sections of the community got neglected as the trickle-down theory did not work up to the expectations. Access to opportunities in education, employment and health care did not reach the poorer sections of the society. The myopic vision and the reluctance to undertake long term planning led to the oversight of the fact that however, high the economic growth, it is not necessarily a sufficient condition for better human development. The pattern of growth, its employment generating capability, its human and social dimension, its ability to create competitive industries and skills are equally important.

There is more to translating growth into development and this has to do with the governance and institutional reforms. The United Nations Development Programme (UNDP) has been at the forefront of the growing international consensus that good governance and sustainable human development are indivisible. According to the UNDP's (2003) report, India is ranked 127 in a list of 175 countries, in the Human Development Index (HDI), which is a simple summary measure of three dimensions of the human development concept: living a long and healthy life, being educated and having a decent standard of living.

As per the National Human Development Report 2001, Maharashtra ranked fourth among the 15 major states in HDI. The Government of Maharashtra has since realised the challenges it faces on the human development front.

It brought out the Maharashtra Human Development Report (MHDR) in June 2002 and ensured that the human development agenda comes to the forefront of the State's vision for the future and its development priorities. This underscores an important reality that economic growth is a means to sustainable human development and not an end in itself. UNDP defines human development as expanding the choices for all people in society. This means that men and women - particularly the poor and vulnerable - are at the centre of the development process. This ensures the creation of

an enabling environment in which all can enjoy long, healthy and creative lives. For example, countries that do well when ranked by per capita income often slip down the ladder when ranked by the human development index. A country's human development index speaks of its success in removing deprivation and creating conditions conducive to meeting its basic social needs. Brenda Gael McSweeney, at the launch of the MHDR quoted a fellow member "… effective governance is central to human development." (McSweeney, Brenda Gael, 2002). It follows that developing the capacity for good governance should be - the primary way to eliminate poverty. "Good governance" puts people into the center of development. "Where people grow, profits grow," this well-tried business rule is applicable to development policy as well. Where there is long-term investment in people's health and education, where both men and women, regardless of their social status, have access to the necessary means of production, extension and credits, they can take their fate in their own hands and make use of opportunities to improve their quality of life. The role of what in economic parlance are called social sectors is considered crucial in this regard. Social sector activities are considered as those that emphasise the improvement of quality of life by offering education, employment and health facility to that part of the population, which is less privileged and suffers from malnutrition, with high mortality rates and diseases, low income and lack of education.

Relevance of Governance to Maharashtra

The inability of Maharashtra to translate an above average economic growth into visible development and poverty reduction on the scale achieved by the SouthEast Asian economies with a similar growth record reveals that growth does not always lead to development if governance is poor. Maharashtra had a growth rate of 7.3 per cent during the period 1985-2001, marginally overtaking Malaysia's 7 per cent (1981-96) and just below Singapore's average growth of 7.8 per cent for the same period of time. But at the end of the period, Malaysia had a per capita gross domestic product of over US$3,000, while Maharashtra had less than a third of that. In Malaysia, just about 15 per cent of the population was below the poverty line; in Maharashtra, the ratio

was almost double to that. (Baru, Sanjaya; 2002) The *raison d'etre* being that the Malaysian government brought about changes in structure, procedures and processes, which brought about visible changes in its governance. In Malaysia, public sector agencies had obtained ISO 9000 certification for their services and the government was expected to serve as a regulator rather than service provider (V.K. Agnihotri, 2000). A similar model has been suggested and worked out for Maharashtra. The International Consultancy firm McKinsey has in its ten year development plan for Mumbai recommended that corporate management techniques be adopted with a designated CEO vested with authority for the city's overall development. When implemented, Mumbai can compete with Kaula Lampur as a global city (Times of India, (Mumbai) July16, 2003).

It is a paradox that, in spite of having the highest per capita income in the country, Maharashtra's economic growth has tumbled since the mid nineties. While growth has declined for India as a whole, the sharpest decline, among 14 major states, has been in Maharashtra. The average annual growth rate fell from 7.8 per cent (the average over 1984-85 to 1994-95) to 5.3 per cent (over 1995-96 to1999-00) and according to many estimates is now less than 3 per cent.

Although Maharashtra has the highest per capita income in the country, the human development indicators shown in Table 10.1 reveal that the State's performance in the social sector is pretty disappointing. Around 50 per cent of its rural population do not still have easy access to drinking water and the coverage of sanitation facility is also poor. Till 1997, only 6-lakh families (6.25 per cent of a total of 96 lakh rural families) had toilet facilities. Total coverage of rural sanitation in the state has now risen from 15 per cent to 20 per cent. (Thakre, S.D; 2002). Improvements in hygiene and health are necessary for enhancing the quality of life, increasing productivity and providing a platform for sustainable higher levels of economic growth and for reducing poverty.

Another area of concern is that although poverty levels have fallen over the years, 25 per cent of the State's citizens still live below poverty lines.

Table 10.1: Human Development Indicators

States	Literacy Percentage (2001)	Life Expectancy at Birth (Years) 2000	Infant Mortality Rate 1997-99 3-year moving average	Population Served by Doctors / population (1999)	% of rural population having access to Drinking Water (2000)	% of Rural Household Without Sanitation Facilities (2000)	Per Capita Income (Current Prices) 1999-00
Andhra Pradesh	61.11	63.9	66	83.3	33.0	85.5	14,750
Bihar	47.53	65.2	63	N.A.	14.7	N.A.	5,540
Delhi	81.82	N.A.	31	48.5	N.A.	N.A.	N.A.
Gujarat	69.97	63.61	63	24.3	66.0	79.9	18,625
Karnataka	67.04	64.44	58	26.7	38.5	88.9	16,343
Kerala	90.92	73.34	14	22.8	14	23	18,262
Madhya Pradesh	64.11	58.6	90	N.A.	16.0	N.A.	11,244
Maharashtra	**77.27**	**68.26**	**48**	**N.A.**	**49.8**	**85.5**	**22,604**
Orissa	63.61	59.9	97	182.4	21.4	96.1	9.162
Punjab	69.95	70.9	53	24.5	16.6	67.9	23,040
Rajasthan	61.03	62.5	81	N.A.	36.1	87	12,533
Tamil Nadu	73.47	68.4	52	29.5	56.0	88.5	19,141
Uttar Pradesh	57.36	63.8	84	9.5	15.2	90.6	9,765
West Bengal	69.22	67.7	52	N.A.	N.A.	76.0	15,569

Note: N.A.- Not Available

Poverty line is defined in terms of expenditure required for daily calorie intake of 2400 per person in rural areas and 2100 in urban areas. The expenditure is officially estimated at Rs. 228.9 per capita per month in rural areas and Rs. 264.1 in urban areas at 1993-94 prices. As regards poverty levels Maharashtra lags behind the states of Andhra Pradesh, Gujarat, Karnataka, Kerala and Tamil Nadu (NHDR, 2001). This is despite the fact that poverty programmes constitute a substantial part of the State budget (Baradan, 2003). The regional disparity is also a matter of concern: levels of poverty and social infrastructure development in different regions of the State differ greatly. While in some regions poverty was as high as 50 per cent in 1993-94, in some regions it was 14.8 per cent (Indian Rural Development Report, 1999).

Regional imbalances also exist in rural health infrastructure. Some districts have low literacy rates and in some other districts female literacy is particularly low. So one can visualise the urgency for the development of a system that will result in good governance, which does not neglect the social sectors especially with respect to the regional disparity. Table 10.2 shows the index for selected Indian states, which measures the inter-state differentials in infrastructure. This index of the social and economic infrastructure takes into account the economic competitiveness and certain social parameters and brings out the differences in the levels of development of various states. This index reveals that Maharashtra ranks sixth while Punjab, Kerala, Tamil Nadu, Haryana and Gujarat are better positioned. There is a need to invest in social infrastructure as much as in economic infrastructure. It is a very difficult situation since, over the past five years, Maharashtra has been experiencing a deceleration in its rate of growth. If the social infrastructure does not improve, it will be difficult to attract investment as states like Karnataka and Tamil Nadu are showing better records in the economic and social indicators. In a well-governed state, it is easier to get all information and the permission required to quickly start and continue business, which increases their attractiveness for business. In order to maintain its commanding position, Maharashtra should retain its investment climate especially with regard to Foreign

Direct Investment (FDI). FDI gives rise to development and, in the process, brings development of clusters, prosperity and jobs.

Table 10.2: Index of Social and Economic Infrastructure

State	Index
Andhra Pradesh	103.30
Arunachal Pradesh	69.71
Assam	77.72
Bihar	81.33
Gujarat	124.31
Haryana	137.54
Himachal Pradesh	95.03
Karnataka	104.88
Kerala	178.68
Madhya Pradesh	76.79
Maharashtra	112.80
Orissa	81.00
Punjab	187.87
Rajasthan	75.86
Sikkim	108.99
Tamil Nadu	149.10
Uttar Pradesh	101.23
West Bengal	111.25

Note: Cited from Final Report, Administrative Reforms Committee, GoM, (December 2002). p.9.
Source: TCA Anant, K.L. Krishna and Uma Dutta Roy Choudhry (1999) Measuring Interstate Differentials in Infrastructure

FDI also increases the attractiveness for setting up further businesses. So far, the investor perception in Maharashtra has been very positive. Nevertheless, there has been a significant decline in the approval of FDI to the State, with Maharashtra's share of FDI approval in all of India falling from 24 per cent during the first half of 1990's to 15 per cent during the latter half of 1990's. Notwithstanding this decline, Maharashtra remains the most preferred destination for FDI in India. If proper care and encouragement is not given, Maharashtra may slip further. With the abolition of licensing, FDI is not forced to go in the direction of the governments' preferences. The sales tax-based incentives have also been abolished and therefore, the FDI will find its way to the states that are perceived to be better governed, places where investors feel, are better suited for business. Maharashtra should not lose out on FDI due to mal-governance (Rajendra Singh, 2003).
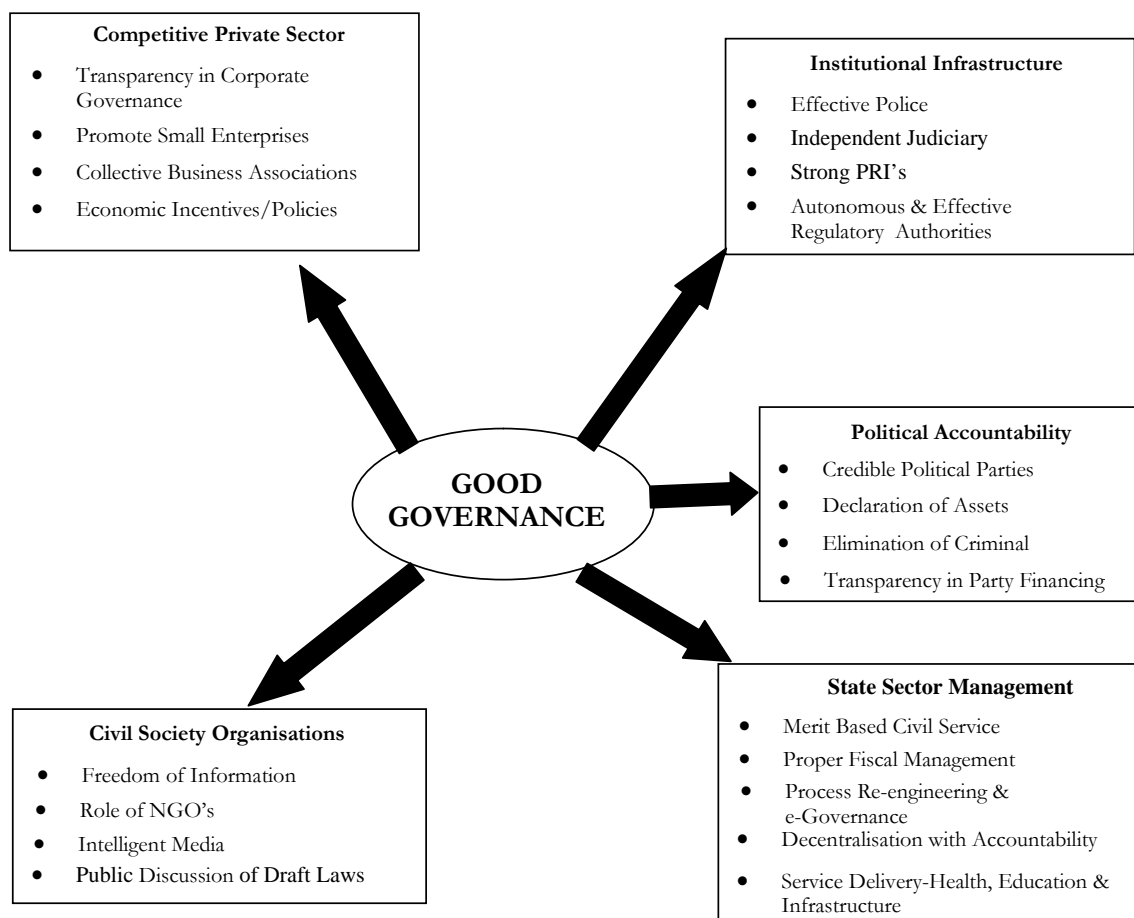
There is no quantifiable annual index available on good governance based on certain agreed indicators such as birth rate, death rate infant mortality rate, literacy rate, electrification of rural households, availability of safe drinking water, crime rate, custodial deaths, rural and urban unemployment, revenue surplus and deficits, loan repayment liability, capital expenditures, tax performance, disbursement of subsidies as a percentage of gross state domestic product (GSDP) etc., to show where the state stands (Godbole Report, 2001). However, the social and economic indicators are good signals that point out that governance has deteriorated over the decade.

They include the entire set of norms, practices and institutions that define the way that a society works in the areas of politics and public administration, law and the judiciary and business ethics and corporate governance. Governance, therefore, is not restricted to the state, it definitely encompasses the state, but it transcends the state by including the private sector and Civil Society Organisations (CSO). The domain of governance consists of the state, the private sector and the civil society, encompassing all three, good governance defines the processes and structures that guide political and socio-economic relationships.

Public accountability and transparency are relevant to all sections of the society and good governance is possible only when all sections of the society conduct their affairs in a socially responsible manner. The figure 10.1 gives a comprehensive picture of the various ingredients that are contained in the concept of good governance in the Indian context. From the figure, it is apparent that for good governance to take root certain fundamentals need to become a part of the system, such as:

- Democracy particularly decentralised democracy;

- Respect for human rights and the rule of law;

- Efficiency, accountability and transparency in government and public administration;

- Peoples participation;

- Equity and poverty concerns;

- Commitment to good government at all costs;

Figure 10.1: Ingredients of Good Governance

Competitive Private Sector

- Transparency in Corporate Governance
- Promote Small Enterprises
- Collective Business Associations
- Economic Incentives/Policies

Institutional Infrastructure

- Effective Police
- **Independent Judiciary**
- **Strong PRI's**
- Autonomous & Effective Regulatory Authorities

GOOD GOVERNANCE

Political Accountability

- Credible Political Parties
- Declaration of Assets
- Elimination of Criminal
- Transparency in Party Financing

Civil Society Organisations

- Freedom of Information
- Role of NGO's
- Intelligent Media
- Public Discussion of Draft Laws

State Sector Management

- Merit Based Civil Service
- Proper Fiscal Management
- Process Re-engineering & e-Governance
- Decentralisation with Accountability
- Service Delivery-Health, Education & Infrastructure

Source: Adapted from Shekhar Shah, "Unbundling Good Governance," Empowerment Retreat, The World Bank, (May, 2002)

A Critical Appraisal

Administration and Bureaucracy

The Maharashtra Government Administrative Reforms Committee Report (2002) brings to the fore the public perception of the government, which is characterised by the four 'D's - Discourtesy, Delay, Dishonesty and Deficiency. The 'Four Ds' have affected its capacity for effective governance. Reflecting on why this has come about, it can be pointed out that over the years, the State got involved in sectors far more than what it could handle. The state got involved in physical infrastructure, agricultural development, industrial promotion, and also in the production and distribution of various goods and services. Initially they were justified on the grounds of speeding up economic development but over time the increase

became really overwhelming. The state at the time of inception had only 12 departments and the current number is 26. It is not only that the number of departments has increased, but also departments have witnessed internal expansion. Besides affecting the capacity for governance the stretching of the government has become very expensive.

Financial Management

Proper financial management is a very important and a key issue, as the objective of the fiscal policy is to ultimately improve the socio-economic fabric. Bad fiscal governance will lead to a financial crisis. Maharashtra was considered a well-administered state mainly because of its financial stability and financial prudence but unfortunately over the past six to seven years there has been a precipitous fall in this. This is a major reason for the poor performance of the government in various sectors.

After 1995, the state government's economic status deteriorated, both in terms of fiscal stability and economic growth. The proportion of debt to State Domestic Product (SDP) rose sharply from 11.6 per cent in 1995-96 to 18.93 per cent in 2000-01. Its liabilities were higher than the value of its assets by a margin of Rs.3,263 crores in 1998-99, according to the White Paper on the State's finances published by the government in 1999. According to the latest reports, the state debt is more than Rs. 80,000 crores and this is the biggest problem confronting the government today (S. Balakrishnan, 2003). The fiscal slippage in Maharashtra, documented in a World Bank study, shows that the government debt is well in excess of levels that would be considered optimal or consistent with inter-temporal solvency (World Bank, 2002). This is a testimony to the collapse of governance in India's most developed state. The World Bank report has warned that Maharashtra is heading towards insolvency by 2005-06 unless its revenue and deficits besides debts (including off-budget borrowings) are reined in. The government of Maharashtra has been borrowing in the market primarily to repay its earlier loans, and to pay interest on its existing loans. The fiscal deficit caused by borrowing for expenditure on development, such as, building roads, dams etc., which will improve the standard of living of the people, and hence, their productivity is in fact acceptable. The total development expenditure has been steadily decreasing from 69.3 per cent of total expenditure in 1996-97, to 66.7 per cent in 1997-98 and 50.2 per cent in 1998-99 (R. Padmanabhan, 1998). The taxes levied by the State go entirely for payment of salaries and pensions of government and quasi-government employees and the interest on its outstanding debt. "Governments in such situations may become merely employment agencies rather than agents of development or poverty reduction."(Nick Stern, 2001).

Another major area of concern is the question of subsidy, which was Rs. 18,825 crores in 1997-98. There are genuine doubts whether subsidies are going to the deserving and right end. An example is the subsidy given for diesel purported to be used by mechanised fishing vessels. There are a number of debatable discrepancies. The State Government provides subsidised electricity to agricultural consumers and households at the expense of commercial and industrial users, and cash-crop farmers who grow sugarcane benefit while other farmers do not. Irrigation water subsidies accrue mostly to farmers with average farm holdings of more than two hectares. The benefit of the high procurement price paid to cotton growers under the Monopoly Procurement Scheme are not going to the cotton farmers but to the rent-seeking intermediate traders and corrupt officials. (Hindu, 25-10-02)

The financial bankruptcy of the state government also comes in the way of utilisation of development funds provided by the Central Government. To cite an example, according to the prime-minister's Rozgar Scheme educated unemployed can avail of loan up to rupees one lakh from state owned banks for starting some small business. As they are not trained in the art of entrepreneurship, there is a central subsidy for such training and in the state of Maharashtra the Maharashtra Centre for Entrepreneurship Development (MCED) gives such entrepreneurial training. It is learnt from the MCED that the subsidy for such training for the year 2002-03 was already disbursed by the Central Government but the MCED never received the funds. Further they have been informed by the Central Authorities that the next tranche of the subsidy was ready to be disbursed after receiving the utilisation report. Such cases of diversion of funds have become common. When there is no certainty of funds, and no counterpart funds, plans will not be implemented. According to the MCED their programmes do continue with their own funds, but then in such situations the quality of expenditure naturally tends to get poor. There are numerous examples of diversion of funds but surprisingly there seems to be no shortage of development programmes.

Very often, the state makes an announcement of a development scheme for one region and soon has to follow up with similar schemes for other regions without making detailed provision for funds or making sure that the particular scheme is suitable for the region concerned. The announcement of a special development programme for Vidarbha in 1996 inevitably led to the announcement of similar schemes for Marathwada, Konkan and other regions. According to reports, the new schemes were announced despite the fact that the budget was

not able to support even the existing schemes. Government had been taking up one ambitious project after another evidently without identifying the sources of funds. To name a few, the projects include a scheme to rehabilitate Mumbai's slum dwellers by providing them with free housing; various Maharashtra State Road Development Corporation projects, including the construction of about 50 flyovers in Mumbai and a programme to provide drinking water to all villages in the State. Many questioned the high priority being accorded to the construction of flyovers, pointing out that even if one accepted the contention that flyovers facilitated substantial savings in fuel consumption, the savings would not benefit the State exchequer to any great extent. On the other hand, the construction of roads and power plants in the areas of heightened industrial activity would lead to the creation of more jobs and the generation of more income, which in turn would benefit the exchequer.

The slum rehabilitation scheme originally envisaged a purely supervisory role and zero financial liability for the Government. The idea was to rope in real estate developers to build the houses in return for the Government facilitating the construction of saleable premises by them. But this has ended with the state government getting involved with huge financial implications, the Government owning a company, Shivshahi Punarvasan Prakalp Limited, and a debt of Rs. 600 crores towards its seed capital (R. Padmanabhan, 1998). In many instances, the state was compelled to go in for bond issues and other means to borrow not to mention the furnishing of guarantees. The gestation periods of quite a few of the projects taken up by the Government were considerably longer than the maturity periods of the bonds floated. Sources wonder how, given the fact that the Government is resorting to borrowing even to service the existing debt; the newly incurred debt will be serviced five to six years down the road. A classic example of a faulty revenue model is the case of the Maharashtra Krishna Valley Development Corporation (MKVDC). Having guaranteed the bonds, the cash-strapped state government today reportedly spends a major chunk of its irrigation budget on repayment of principal and payment of interest to bondholders.

Rural Governance

Good governance can work only when democracy is strengthened not only at the top but also functions effectively at the grass root level. Democracy gives a voice to needy people and protects them from many different forms of economic and political abuse (Amartya Sen, 1999). Villages are compact; decision- making and action is in close proximity; stakeholders are interested and the domain of local governments covers those subjects that vitally affect peoples' daily lives. But, in spite of the 73rd and 74th Amendments to the Constitution making *Panchayats* and municipalities "institutions of self-government", there appears to be no forward movement visible to empower Panchayati Raj Institutions (PRI). Maharashtra is one of the states that have taken a very keen interest in this kind of governance. There are 27,000 village *Panchayats* under whose ambit nearly 6 crore people or two-thirds of the state population falls (K. S. Narayana, 2003). But unfortunately although de *jure* the *Panchayat Raj* system opens for widespread participation in grass root democracy, *Panchayats de facto* do not seem to have become democratic bodies. Like in most unequal societies, in Maharashtra too, the elite has easily captured local bodies. State governments have firm control over functioning of *panchayat*s besides promoting parallel structures outside the PRIs. The *gram panchayats* cannot solve these problems because they neither have the funds nor the necessary powers to sanction the needed schemes.

Major problems in rural areas are drinking water and sanitation. Although many villages are cash starved, there are many instances where funds are flowing but yet there have been no result, for example, the Mhaswad Water Scheme. The total cost of the scheme thus far has been Rs. 12 crore, while the population of the village, according to 1991 census, is 14,000. This means that around Rs. 8600 has been spent per person for drinking water. Today, however, despite the vast expenditure per family, Mhaswad village is still only getting non-filtered water.

It is not that there are no success stories. The Darewadi Watershed Project and the Watershed development through community participation at Ralegan Siddi are examples of which Maharashtra can be truly proud. Many such programmes get

World Bank and other foreign funding but suffer delays due to government apathy and administrative neglect. For instance, the Maharashtra Rural Water Supply and Sanitation Project with the Japan Policy and Human Resource Development (PHRD) funding of US$ 300,000 and credit/loan of US$ 150 million for a US$ 200 million project has been finalised. Japan PHRD has built a strong partnership between the World Bank, the Government of Japan and developing countries for more than ten years. This partnership has culminated into stronger client institutions, better skilled development experts working in effective programmes designed to alleviate poverty in the developing world. There are certain advantages in involving external donors in such development programmes. Firstly, it creates additional resources and secondly international agencies insist upon proper documentation of project proposals followed by mid-term evaluation and final evaluation. Implementation of mid-term evaluations become easier and the wealth of data generated by donor promoted consultancies can be of great use. Such projects benefit a large section of the society, but as donor appointed consultants might not be aware of field conditions, proper implementation and sustainability of the project is left to the local authorities. It requires good governance on the part of the state administration to make a success of such projects by making a determined effort to ensure that the development objectives of the project, which in the above mentioned case is to (i) increase rural communities' access to improved and sustainable drinking water and sanitation services; and (ii) institutionalise decentralisation of Rural Water Supply and Sanitation service delivery to Rural Local Governments are achieved.

Figure 10.2 demonstrates that for all development programmes, there should be a real paradigm shift in governments thinking (especially with reference to rural water supply), moving from a centralised, supply-driven approach to a people-centred, demand-driven approach that focuses on decentralised delivery through local governments.

The government should also promote the ownership of the assets by local communities and local governments. The primary objective of such programmes should be to achieve environmental, institutional and financial sustainability.

This sort of paradigm shift will not only make sure that the rural development takes place according to the requirements of the region but will also ensure accountability and transparency in all the projects and will minimise the political and bureaucratic influence which is largely responsible in the corruption and diversion of funds.

Figure 10.2: Paradigm Shift
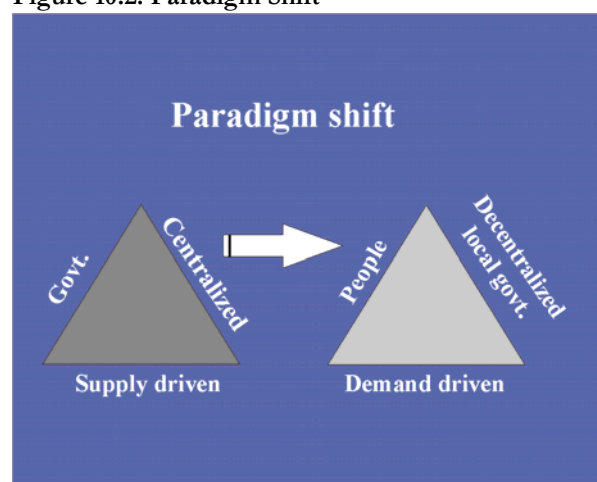
Diversion of funds affect the development of backward regions of the State namely Vidarbha and Marathwada. Way back in 1984 the V.N. Dandekar Committee on backlog determination put the backlog in development expenditure at Rs. 3186.98 crores. Between 1985-86 and 1999-2000 the backlog was around Rs. 8980 crores and the subsequent Bhujrangrao Kulkarni panel appointed to check the backwardness pointed to a backlog of Rs. 15,355 crores (Mahesh Vijapurkar, 2001). In order to ensure equity in allocations for development of the backward regions and liquidating the backlog three statutory development boards were set up in 1994. The Governor under Article 371(2) is mandated to steer the efforts at neutralising the backlogs through the medium of these boards (Mahesh Vijapurkar, 2001). In spite of concentrated efforts by the GoM to bridge the gap between the developed and developing regions of the state and despite massive infusion of funds, over nearly two decades to neutralise backlogs in the backward regions of Vidarbha and Marathwada, the backlogs have only grown, and the coastal Konkan regions - Raigarh, Ratnagiri and Sindhudurg continue to receive major share of the investment.

Another area of governance that needs focused attention is integrating the socio – economic development of the most underprivileged sections of the Indian society, the Scheduled Tribes (STs) and Scheduled Castes (SCs) in a coordinated and planned manner. STs account for about 9.4 per cent of the State population. The districts of Raigad, Yavatmal, Chandrapur, Gadchiroli, Thane, Nashik, Dhule and Nandurbar have a high tribal population with the percentage ranging from 10 per cent to 22 per cent. Lack of accountability of implementation agencies either to the government or to the people has been the single major cause for diversion of development funds away from backward regions and communities.

The problem of raising the living standards of scheduled tribes, scheduled castes and other weaker sections of the population is complex and calls for sustained endeavour over a long period.

Urban Management

Cities and towns are now recognised as "engines of economic and social development". With high concentration of human beings, cities give birth to ideas; they foster creativity and innovation; and they create jobs. However, they also generate and intensify social exclusion. And in the process they tend to deny the benefits of urban life to the poor, to women, to youth, and to religious or ethnic minorities and other marginalised groups. Urban poverty cannot be seen from the mere perspective of rural poverty. It is infinitely more complex and dynamic comprising deprivations of housing, employment, services and physical safety. In Maharashtra too, like the rest of the country there has been a significant migration of rural poverty to select urban locations in search of employment and livelihood. These migrants, however, have become vital contributors to the city economy without whom many of the support systems for city life would collapse. Strengthening urban management, through capacity building, is therefore a key area by which Maharashtra's cities can meet the challenges of urban development. This entails the creation of a conducive and enabling environment for urban institutions to effectively perform their functions, and for city managers to acquire the knowledge, skills, and expertise necessary to plan, manage, and govern their cities. In Maharashtra's cities, especially

Mumbai, the problems of proliferating slums, contaminated water and collapsing infrastructure have raised questions. There is no lack of studies or reports, the McKinsey–Bombay First (July, 2003) being the latest addition. The recommendations of a few earlier studies that promise to make Mumbai into a world-class city have yet to be implemented. Some of the earlier studies include the 1993 McKinsey Report to make Maharashtra an economic leader; the 1994 Cooper and Lybrand strategies to improve waste management; the 1997 Tata Consultancy Services feasibility study for underground railway; the 2001 Crisil plan to make Mumbai a financial Centre (The Times of India, 20-0-07-03). A recent study conducted by Bombay First, an NGO, revealed that young graduates prefer Hyderabad or Bangalore to Mumbai, as the social infrastructure is better in those cities. It is high-time that the local authorities in charge started implementing not only the suggestions of the reports but also by looking at experiences and best practices that demonstrate practical ways of meeting the challenges of urbanisation. Since the process of urbanisation cannot be reversed it has to be regulated in a manner that would help absorption of surplus rural labour in urban areas and lead to a balanced development of small, medium and large towns. Perhaps emulating the Chinese model could be a good option. China's distribution of urban population has become much more balanced, with a higher proportion of population living in the small and medium cities. A lot can be achieved with the proper political leadership. Unless the political machinery is committed to eliminating the lethargic attitude to these problems good governance will remain a distant dream.

Corruption and Criminalisation of Politics

The general perception that India is a very corrupt country has been supported by the Transparency International Corruption Perception Index which has rated India 72nd in a list of 99 countries, and with a score of 2.9 in a scale of 1-10. There is little doubt that corruption in present-day India pervades all levels and all services. The administrative as well as the police and judicial services are often in the picture charged with colluding with the political leadership to indulge in systemic corruption, making a mockery of democratic governance. Indian laws,

rules, regulations, procedures and methods of transaction of government business, however, sound and excellent cannot by themselves ensure effective and transparent administration if the political and administrative leadership entrusted with their enforcement fails to do so and abuses its powers for personal gain (Sondhi, 2000). Corruption shifts government expenditure priority from social sector spending to areas, where the opportunities for rentseeking are greater and the possibilities for detection are lower (Rama Sampath Kumar, 2001). Allocating government funds to a few large defense contracts or mega-projects may be more attractive to the corrupt persons in power, than spending it to build numerous rural health clinics (Bardhan, 1997). Political incentives to respond to the needs of ordinary people are more often than not offset by incentives to respond to the demands of the rich and powerful.

The dynamics of corruption in government starts with a systematic attempt at politicising the bureaucracy. The simple instrument, by which the political executive has found that the bureaucracy can be made to dance to its tunes, is the instrument of transfers and postings. Not only is there a fear of transfer for non-compliance, but also of late there have been reports of officials getting the desired postings by way of payments. The postings, often termed as 'wet postings' and 'dry postings' have different magnitudes of bribe and the amount for the former can be staggering. According to a report quoted by N. Vittal, the former Chief Vigilance Commissioner (CVC) an official is supposed to have paid Rs. 4 crores to get a particular posting in Mumbai. He goes on to explain that if a person pays Rs. 4 crores to get a posting in Mumbai, he must be able to make at least Rs. 40 crores if not Rs. 20 crores from that investment (N.Vittal, 2001). This may be a stray case but the media has often reported about the bribe amounts for 'wet' postings in Mumbai and Delhi for jobs that have interface with the public especially in the revenue concerned departments to vary between Rs. 20 lakhs to Rs. 25 lakhs.

Moving on to crime and organised crime including mafia in the state sector, the state of affairs is truly alarming. The mafia and organised crime have given a new dimension to the concept of corruption. The organised crimes are large-scale rackets run by extensively organised crime syndicates carried on over long period of time and relying on public officials for protection from the law. G.V.G. Krishnamurthy, the former Election Commissioner, revealed the depth to which the country's politics has been criminalised. He also revealed that there are at least 110 organised criminal gangs in Maharashtra, of whom no less than 55 are in Mumbai. The concentration of criminal gangs in Mumbai is not a reflection solely of the city's wealth, but also of the close links that they have forged with the dominant political parties in the city (Prem Shankar Jha, 2002).

The reasons for the criminalisation of politics are murky financing of political elections, the doubtful quality of many electoral candidates and the non-transparent ways in which many political parties function (Samuel Paul, 2002). Under Indian law, there exists no legal method for political parties to raise more than a small fraction of the amount they need. Various decisions and enactments over the last three decades have, on the one hand, made it progressively more difficult to raise political funds legally, and on the other hand, vastly increased the political parties' need for funds. This has thrown the politicians into the lap of criminal and corrupts elements. Honest and sincere officials (and there is no dearth of them) holding senior positions are hesitant in openly expressing their views on this matter, leave alone work towards their elimination from the system. The incapacity to legislate meaningful institutional checks against abuse of authority and corruption despite recommendations of various committees like Santanam Committee in the 60's and the Vohra Committee in the 90's has disillusioned many an honest civil servant. The Vohra Committee report has brought out startling revelations of how the various Crime Syndicates / Mafia organisations are able to operate with significant muscle and money power alongside established linkages with government functionaries and political leaders. The rationale for establishing such commissions is questionable as it costs time, money and huge effort to finally give results that can be simply rejected at will or accepted only if found convenient. Nothing gets done to introduce mechanisms that will disallow politicians so much liberty to dispense justice, when they are often the guilty party. The state and the country need a

system, which ensures that commissions of inquiry are, firstly, based on evidence and not allegation, and secondly, that action is taken wherever called for. This does not mean a blanket acceptance of all commissions but for a system that is less political and fairer in dealing with the commission's reports.

Although the picture looks very grim there is a silver lining. According to N. Vittal although corruption is so widespread, out of the 100 crore people of India may be 5 crore are corrupt and one in a position to be corrupt. This will include all the corrupt politicians, bureaucrats, criminals and businessman. This means 95 crore are not corrupt. But the main problem is that they are not organised, while the corrupt people are organised. What then is required is a good instrument to fight corruption in the country and to sensitise the people at large about the need for fighting corruption. It is expected that Information Technology (IT) will drastically reduce corruption and red tape. Bribery, which is a common practice in the official corridors across the country, will hopefully be significantly reduced with the introduction of e-governance.

Process Re-Engineering and e-Governance

During the last decade, there has been a wide conviction that modern Information and Communication Technologies (ICTs) can be used to promote development and bring the benefits of modern ICTs to the citizen. Once unknown ideas, 'IT for the masses' and 'bridging the digital divide' have suddenly leapt to the forefront of consciousness in the world of development. Literally crores of Rupees are committed to the belief that ICTs can enable the rural areas to 'leapfrog' traditional problems of development like poverty, illiteracy, disease, hunger, unemployment, corruption, and social inequalities so as to move rapidly into the modern Information Age.

IT is not an end in itself, but means to provide better quality of life to the citizens of the state. It does not aim at merely automating existing process but the target is to use IT to improve overall organisational efficiency and pass the benefits to the citizens of the state. E-governance (Electronic Governance or Digital Governance) is the effective use of IT to improve the system of governance that is in place, and thus provide better services to the citizens (M.Moni & N.Vijayaditya, 2003).

There is widespread belief that information technology does, can, or could produce transparency, accountability, responsiveness, citizen empowerment, freedom from corruption, and a host of other benefits and that e-governance promises 'a new governance and a new politics', "redefining the vision and the scope of the entire gamut of relationships between citizens and government" (Bedi & Srivastava, 2001).

E-Governance therefore is the use of ICT to support good governance. In practice, e-governance involves two distinguishable activities. First is the computerisation of government functions themselves. This proposes connecting the central and state government to district officials, and computerising registrations, legal proceedings, land records, state offices, etc., for the benefit of the administrators of the state. Second, e-governance may mean government-to-people and people-to-government connections whereby citizens obtain direct access to records, rules, and information about entitlements that they need or want in their daily lives. (Keniston, 2001) This is a blessing especially where the public service is complex with red tape creating delays and corruption that result in slow and ineffective output. E-governance simplifies the government procedures so that accountability and transparency is total at all levels of management. Citizens need not hire middlemen to maneuver through the opaque bureaucracy and handle time-consuming procedures like the manual copying and indexing of documents and their storage in paper form.

Maharashtra has been acknowledged as one of the first few states in the country to have given e – governance an important status and it has been successfully spearheading the implementation of the state government's IT policy. The state initiated the computerisation of various departments and field offices of the government in a major way in early 1998 by setting up the Directorate of Information Technology, and is now taking IT right down to the grassroots level. There has been a continuous effort to make a significant improvement in the quality of service at the interface between the government and citizens.

Notable among the departments which have gone online is the public works department (PWD). The PWD, which was computerised in a phased manner, now boasts of a website. Notices of tenders above Rs. 5 lakhs are posted on the site. Contractors can register on the site and specify projects of their interest. Whenever a new tender is posted on the site, contractors get an automatic e-mail detailing the nature and needs of the project. Another unique experiment pertains to the Registration Department, which after being computerised has reduced the transaction time from a week to 25 minutes. The pilot project, which started in four offices of the department, has now been replicated among 386 offices statewide. Apart from convenience for citizens, it also offers immense cost-reduction opportunities for the government (Khullar, 2003). It has also increased revenues by plugging leakages. There is also a proposal for sales tax department to jump onto the bandwagon, making it possible for businesses to file returns online.

To ensure time bound service delivery to citizens, the government has initiated citizen facilitation centres. These single window counters will perform various routine citizen services such as registrations of letters, application for various certificates and redressal of grievances. One such centre has already been set up by the Thane collectorate. Known as 'Setu', this centre gives out 23 odd certificates in less than 24 hours and also has an online query system by which citizens can track the status of their files. Such centres, which are operational from 8 A.M to 8 P.M irrespective of holidays, will be replicated in 400 locations encompassing district Head Quarters and talukas. The services provided in the facilitation centres will include NGOs at the front end and government administrative process at the back-end. Computerisation of Land Records (CLR) is a mission that aims at delivering excellent grassroots e-governance within the domain of land management. This can be successfully accomplished by bringing in land reforms and by utilising the far-reaching potential of IT. In a true sense, CLR could safely claim to be the first initiative of e-governance at the grassroots level.

One can cite a number of success stories from different parts of the state. Experiments like the *Warna Wired Village* are using Internet not as an elitist medium but as a social phenomenon that has the power to touch the day-to-day lives of every Indian. The project has resulted in a Web-based information system on the agriculture produce market, agriculture schemes and crop technology, village information system, employment and self-employment schemes, educational and vocational guidance and many more. It allows wired management of sugar cane cultivation and marketing over the Intranet. Land records documents will also soon be made available through the system (Agarwal, 2003). A good deal of money is required to keep this kind of projects going. In this case, the sugar cooperative has the resources to sustain it. While Warana is a good model, it must not be overlooked that this region has the advantage of being one of the richest areas in southern Maharashtra as it has enough water, good soil and a high literacy level. It is not clear whether it will work in less favourable circumstances. Besides, Warana's literacy level is about 70 per cent and that made the project much easier to promote. More important than all is the importance of sugar industry to the socio-political life of Maharashtra. If IT has to empower people, it should cover every category of worker connected with the industry - right down to the sugarcane cutter, who is a landless labourer and who is often homeless (Anupama Katakam, 2002).

Maharashtra has entered into an agreement with World Tel, a private limited company in UK to work on developing statewide Internet connectivity. World Tel has been asked to create the infrastructure and build an organisation that will operate community Internet centres on a commercial basis. The purpose is to use Internet in areas like (a) admission to schools and colleges (b) job search (c) health care (d) public distribution (e) public grievance redressal (f) distance education (g) tourism (h) agricultural and crop management (i) disaster warning (j) housing scheme (k) land record (l) water management etc (Goswami, P.R., 2001).

The question is whether one can justify the expense of IT in a nation where so many basic needs are unmet. In a village where more than half of all the men, women and children are below the poverty line, there are other priorities, viz., food, education, water, medical care, basic rights, social justice, freedom from corruption and meeting these priorities must be the core criteria for any use of

modern information technologies rather than the infrastructure needed for modern IT (Subash Bhatnagar, 2000). There is a general belief among hardliners that due to certain inherent weakness of our administrative system, e-governance cannot create social opportunities for the poorer section of the society. A critic observes: "The apprehension is that while e-governance might work wonders for the limited few among the elite, it might bypass the vast majority of commoners. As of now, all electronic impulses tend to get dissipated in the ace of the tangled maze of complex procedures and practices" (ICT's, 2001). However, it is hoped that IT can play an important role in empowering the masses and enable them to reap the fruits of development. It is becoming increasingly clear that IT is not an urban phenomenon and that with the increasing co-operation from the village level stakeholders the concept of IT in rural areas can work. It is hoped that e-governance will ultimately help eliminate corruption, as even the institution of law and order seem to have been gripped in this spiral of corruption.

Law and Order, Police and Criminal Justice

An efficient and honest police force is the principal safeguard for the citizens against violations of basic rights and for the maintenance of law and order. In Maharashtra, the ratio of policemen per lakh of population is 138 (Borwankar, 2003). A basic drawback therefore, is the shortage of police force. In substantial part of rural areas, police have hardly any presence.

Although the traditional tasks of the police force has been to maintain law and order, to prevent and detect crime, of late, there has been diversification into various other spheres which have assumed significance. The police is most of the time asked to handle a variety of functions beyond law and order, or crime-control. Many a time, the VIP duties to which the police personnel are assigned have no valid place within the realm of their work, although they continue to be among the top purposes for which they are used. This huge wastage on non-essential service has resulted in hampering their normal duties.

The politicisation of the police force or exploitation of the police force or some of the officers for partisan political or personal ends undermines the reputation and public perception of the police. Political connections are most important to secure a degree of immunity from arrest, and more often than not, criminals use this link. If one does not bend to the wishes of the political bosses, there is the threat of transfer. Politicians often use police as a weapon, or as a facilitator for some illegal operation. A simple example is the carting of truckloads of people for a public meeting. Carrying people in a truck is against the Motor Vehicles Act, and the person doing so can be booked immediately. It is a hazard to life. But this is a regular feature and no policeman can prevent this from happening. There are many cases of police officers that resist unwarranted pressures from a wide range of sources, even as there are many cases where they succumb or enter into mutually enriching arrangements with compromised and partisan elements. The reality is far more complex than the simple stereotypes in the public mind and those who stand by their principles often have to pay a price that can hardly be imagined (Gill, KPS, 2001).

The number of lacunae in the legal systems also unwittingly hampers police functioning and facilitates the criminals. The success of good governance depends on the capacity to deliver especially when it comes to investigation and successful prosecution. As far as the dispensation of speedy justice is concerned, it is not only Maharashtra but the entire country is facing problems. The pendency of cases in courts is probably the single most important reason for this state of affairs. There are close to 4 crore cases pending in the Indian courts today while the average conviction rate is a mere 5 per cent. This is an index of the complexity of the situation. It points to the enormous strain on the criminal justice system. No single player is to blame. The Law commission in its report on Manpower planning in 1987 placed the judge population in India at 10.05 judges per 10 lakh people as against 50.09 in UK, 57.07 in Australia, 72.02 in Canada and 107 in the USA. The credibility of the judicial system suffers when on an average disputes take 20 years to get sorted out. There are an estimated 280,000 under trials who have been waiting in jail longer than the maximum mandatory sentences for which they are being tried (Economic Times, 15-05-03). In Maharashtra in the year 2001

only 13.1 per cent cases tried by the courts resulted in conviction and only 26.3 per cent cases of murder ended with conviction during the same year (Borwankar, 2003). There are many reasons for acquittal e.g. witnesses turning hostile, poor quality of presentation in court, non co-operation from witnesses etc. Wherever the fault may lie the citizens get disillusioned as they feel that they are getting a raw deal on this account and this is leading to a total loss of faith in the law and order system and in policing of the state. According to the police the rise in crime both in the urban and rural regions is a reflection of the collapse of the criminal justice system.

It has been the experience of governments the world over that suppressing data about crime is no longer profitable and is actually fraught with undesirable consequences to all players concerned - the executive, the police and society. The annual crime publication should be widely disseminated and debated. Access of such information will enable citizens to force the government to respond besides being an eye opener to policemen themselves (R.K. Raghavan, 2000).

Right to Information (RTI) and Repeal of Official Secrets Act

The greater the access of the citizen to information, the greater would be the responsiveness of government to community needs. Information is the currency that every citizen requires to participate in the life and governance of society. The citizens have a right to get information about all aspect of government functioning and in a democracy as all public servants exercise power only on behalf of the people it would be an anathema if what they did were hidden from the people. Information promotes openness, transparency and accountability in governance and so there is a critical link between lack of transparency and corruption. If democracy is to be successful, then the right to information plays a very important tool. An important ingredient of good governance was enacting the RTI on a national level. The Freedom of Information Act (2002) is a landmark one as it puts India among only a handful of countries that have legislated a measure that can provide transparency, openness and accountability in Government functioning. At the state level, the States of Maharashtra, Rajasthan,

Karnataka, Assam, Delhi, Tamil Nadu and Goa have all passed legislation on RTI. The Maharashtra Right to Information Act was passed in 2000. It had many flaws and proved inadequate, as it was unable to empower citizens to demand transparency in the functioning of the government. After much protest about the inadequacy of the Act of 2000, the GoM eventually promulgated an ordinance the Maharashtra Right to Information Ordinance, on September 23, 2002. The Ordinance is very comprehensive and is one of the best models in terms of legislation on the issue in comparison with other states in India that have laws on RTI. The Government of Maharashtra forwarded a proposal to repromulgate the Right to Information Ordinance in February 2003 for the assent of the President of India. Meanwhile, the pending bill on Right to Information came to be passed by the State Legislature in Summer 2003. Consequently the proposal for assent to the Ordinance was withdrawn and proposal for assent of the President to Right to Information Bill, 2002 was forwarded. The assent of President was received on August 10, 2003. Accordingly, the Right to Information Act 2002 and the Rules framed thereunder came into force retrospectively with effect from September 23, 2002.

The RTI makes information sharing an obligation and duty of the state. But unfortunately, the archaic Official Secrets Act, 1923, (OSA) continues to survive and this ensures a cloak of secrecy and provides a cushion of safety for the corrupt. The OSA makes it an offence to disclose certain information without proper authorisation. Due to the OSA being in force, in spite of having the RTI, a common man, who does not have access to government files, cannot prove a charge against a public official.

Ignorance of the law is a major obstacle in the path of the rural poor for whom the right to know has the potential to be most effective. Many are simply unaware that such legislation exists. There has been no effort on the part of the government to educate these people and inform them of their legal rights. Political activists or Non Government Organisations (NGOs) have had to take responsibility for creating greater awareness of the legislation. By distributing pamphlets and public discourses, they have been educating the people

about their rights and instilling in them social values and the benefits of a political climate characterised by openness, transparency and accountability (Stuart Wilson, 2002). In USA, there are many NGOs who keep collecting classified information using the USA's Freedom of Information Act and keep publicising that classified information.

The RTI movement in these past few years has been a significant part of strengthening democracy and fighting corruption in India. The electoral reforms bill, which makes it mandatory for candidates to disclose their criminal background, is also based on people's right to know. But despite all this there is a long way to go if this right has to be properly implemented for giving good governance. In that sense, the current Bill merely gives teeth to our fundamental right, by setting up a mechanism by which information can now be obtained by the people.

An unbiased media is very essential for disseminating correct information. The media can use the RTI very effectively. Mass media can play a key role in enabling citizens to monitor the actions of incumbents and to use this information in their voting decisions. Amartya Sen has pointed out that the media increases the salience of government performance in famine situations by providing information on the actions of politicians, which citizens can use in their voting decisions (Amartya Sen, 1984). Though suggestive, the Sen analysis does not establish a robust link between development of mass media and government responsiveness. Analysis of the role of media in influencing government policy has recently been deepened by Besley and Burgess (2002). Using panel data for Indian states for the 1958-1992 period, they look at two policy response systems. First, public distribution of food as a response to falls in food production associated with droughts. Second, spending on calamity relief as a response to crop damage caused by floods. They then examine how newspapers and politics affect how responsive state governments in India are to these shocks. They find that higher newspaper circulation is associated with government being more responsive to falls in food production and flood damage. The magnitudes of the effects that they find is large — a 10 per cent drop in food production is associated with a 1 per cent increase in public food distribution in states

which are at the median in terms of newspaper circulation per capita whereas for states that are in the 75 per cent percentile a 10 per cent drop in food production is associated with a 2.28 per cent increase in public food distribution. According to this survey Maharashtra ranks 2nd both as regards responsiveness as well as newspaper circulation. Interestingly Besley and Burgess (2002) find that it is newspapers published in the regional languages that are driving their results. The media is a strong instrument that can create a public opinion in favour of responsible actions by the government. Quick and correct information is now possible through the vast spread of ICT, which the media should judicially use to bring unbiased information before the public. Public pressure can also be exerted through CSOs and NGOs.

Civil Society Organisations

During the past decade, there has been a great upsurge in CSO namely NGOs. Many of them are voluntary agencies engaged in the delivery of services in the field of education, health, poverty alleviation, environment etc. catering to various sections of the population - women, children, the aged, the disabled etc. CSO/NGO have come to be widely viewed as an important agent for limiting authoritarian governments, strengthening popular empowerment, reducing the socially atomising and unsettling effects of market forces, enforcing political accountability, and improving the quality and inclusiveness of governance. Some of them are activist, vigilant groups who try to monitor the working of both public and private organisations. The CSO/NGO can have a constructive impact on the administration of the state by helping to foster fairer, more honest, transparent, democratic and accountable governance. In Maharashtra social activists like Anna Hazare have been appealing to the government (or even pressure them) to improve their performance in the desired areas. They also acquaint ordinary people both with the possibility of better governance (which puts pressure on government to improve) and can provide people with participatory experience that inculcates the skills needed to make such governance a reality. The contribution of civil society to good governance may be summarised under four headings: public policy and decision making; enhancing state

performance; transparency and information; and social justice and the rule of law.

A vast section of civil society in India does not at all relate with the policy system. It is primarily engaged in direct service delivery or socio-cultural pursuits. A vast section of the civil society does not even understand how policy is formulated, implemented or not – the political economy of public policy making remains largely an unknown territory for much of civil society. In this connection, the law on RTI will go a long way in bringing to light many of the policy decisions that lead to discussions and public debate. The CSOs and NGOs who are at present engaged in such activities that will promote policy decisions will get the support and push required from the society at large if there is public awareness. Such engagement by civil society can result in inclusion of certain constituencies and perspectives in policy making. For example, a number of public policies for urban poor primarily focus on slum-dwellers who have an identified location of living - illegitimate, illegal - as it may be. However, pavement-dwellers and invisible street children get neglected in public policy on urban poor unless specific civil society engagements have been made to highlight their plight. Thus, policy inclusion as a mode of engagement by civil society can have long term policy gains for the marginalised communities

What has been happening so far is that civil society action begins when policy has actually been made and gets presented in the public domain. It is then that civil society organisations recognise that these policies may have negative impacts on their constituencies. Although late, such actions have led to reversal of policy decisions, after the commencement of projects. The Bombay Environment Action Group (BEAG) has helped to fashion and install legislation for Mumbai's heritage buildings and precincts. BEAG has saved large tracts of Panchgani and Mahabaleshwar, hill resorts near Mumbai, from looting builders. Citizens' Forum for Protection of Public Spaces (Citispace) was formed to deal with the take-over of Mumbai's streets and pavements by illegal hawking. They were successful in obtaining favourable court orders. Citispace now also looks at recreation grounds, playgrounds and other public space that is vanishing, as also the repeated "regularisation" of illegal constructions to serve vote-bank politics. Society for Promotion of Area Resource Centre (SPARC) assists the Maharashtra government, in a scheme, supported by the World Bank, to rehabilitate project affected persons. Encroachment on railway property had to be cleared and the displaced communities rehabilitated. Government has trusted the capabilities and efficiency of SPARC and other such NGOs (Gerson da Cunha, 2002).

The Brihanmumbai Municipal Corporation (BMC) has also been co-operating with civil society organistions for good governance. BMC is the local body that manages the governance of Mumbai, India's largest metropolis and the financial and business centre. Praja Foundation is one of India's leading non-government organisation committed to bettering the lives of citizens through better governance and cooperation between government agencies and citizens' bodies. Praja pioneered the citizen's charter a few years ago and has been working actively with the BMC to improve governance mechanisms, internal systems and communications with citizens. The Online Complaint Management System OCMS is a joint effort by the BMC, Praja Foundation (Praja) and Nixel Technology (Nixel). This initiative has been taken on by Praja to harness the web, make communications for citizens simpler and facilitate better delivery of services by the BMC to citizens.

Not all CSOs / NGOs are faultless. There are also cases where NGO's have vested interests. For example, there are foreign agencies ready to pump in money for certain causes like AIDS. It has been reported that starting an NGO for the AIDS cause is fast becoming an instant-returns industry. The Maharashtra assembly's estimates committee tabled a report stating that there were a large number of bogus NGOs working in the field of HIV/AIDS prevention. While some confined their work to putting up stickers in local trains, a large number merely existed on paper, "…the report is an eye-opener. It says over 60 per cent of NGO's in HIV/AIDS in the state are frauds. This is significant since the biggest share of funds from all sources is diverted to Maharashtra and many of the big-budget NGOs in the state are run by political parties" (Davinder Kumar, 2001).

Some of the NGO's represent some sort of a peoples movement in the country, contributing to the evolution of an alternative political process emanating new consciousness in many of the cities and villages of the country. With the help of NGO's many village organisations are able to interact with leaders, legislators and ideologues of various political parties, providing information and important documents and discussing issues with them.

The Private Sector

The private sector covers private enterprises (manufacturing, trade, banking, cooperatives and so on) and the informal sector in the marketplace. The private sector players influence social, economic and political policies in ways that create a more conducive environment for the marketplace and enterprises. Sustainable human development depends in part on creating jobs that provide enough income to improve living standards. Most states now recognise that the private sector is the primary source of opportunities for productive employment. The three G's, namely, growth, governance and globalisation are the core drivers of economy today (Sailesh Haribakthi, 2003). Economic globalisation is fundamentally changing the ways in which industries and enterprises operate. Private enterprise must be encouraged and supported to be more transparent and competitive in the international marketplace. The business community's involvement in governance can go a long way in preparing the good infrastructure that will result in better telecom, roads, ports, a more friendly tax regime, competitive financial infrastructure and business-friendly negotiation of international accords. There are talks of the Federation of Indian Chamber of Commerce and Industry (FICCI) working with the Airport Authority of India (AAI) to pursue operational and constructional changes in the city airports. Recognising the fact that the Indian business forms a powerful constituency with the potential to influence and transform the culture of governance in the country the Indian Merchants' Chamber (IMC), Assocham and Bombay Chamber of Commerce and Industry (BCCI) have organised a forum on governance. The focus will be on what corporates can do to transform the standards and quality of governance.

Conclusions

Measures for Policy Consideration

Good Governance is not a luxury. It is a *sine qua non* for sustainable development and improved economic performances. In a rapidly changing world, the state is under pressure to become more effective and to adapt to the increasing pace of change Opportunities for improvement are also opening up as new technologies and change in management theory and practice usher in a wide range of possibilities for better governance. The increasing demands on the state are arising on account of various reasons, an important one being that the public is becoming more demanding with regard to the quality of service. A series of measures for policy considerations discussed below may be useful as a framework for building up mechanisms that improve governance and institutional constructs to involve stakeholders.

(1) *Political Accountability:* Most of those in politics have become victims of circumstances to survive in power. Therefore, mere elections that will bring about a change in players are not enough and the rules of the game need to be changed. What is required is a systemic change starting with electoral reforms and system improvements. Electoral reforms will have to start with process improvements like prevention of polling irregularities, arresting and reversing criminalisation and checking abuse of unaccountable money power. Systems improvement should include political party reform (Narayan, Jay Prakash, 2003).

(2) *Quick implementation of Reports:* The report on good governance submitted by Dr. M.D. Godbole, (2001) commonly referred to as the Godbole Report and the Report of the Administrative Reforms Committee (2002) under Mr. D.M. Sukthankar need to be implemented. Both have given a number of proposals that will bring about good governance. The practice has been that as soon as a committee submits its report on important issues it becomes a secret document until it is placed before the legislature or the cabinet. This takes time, the subject gets relegated to the background and the issue gradually fades from public memory. There is

no reason why reports should not be made public as soon as it is presented. It makes sense that the government gets response from different sections of the community and the committee should consider the suggestions and should make sure that the suggestions are included. If the Committee reports are priced then the amount of money spent on the preparation of the report can be recovered. A time frame should be set for the implementation of any report after it is submitted.

(3) *Weeding the statute book of outdated laws:* Repeal of old and obsolete legislation is necessary for good governance. There are age-old legislations that still hold well. A list prepared by a Commission said that there were 400 obsolete laws in the country. These Acts that were formulated ages ago have ceased to have any relevance today and they come as a hurdle in the development of the state. As already dealt with earlier, the Right to Information Act will lose its significance with the existence of the Officials Secrets Act. There are a number of laws related to land in Maharashtra that are antiquated and irrelevant-Land Revenue Code, Tenancy Act, Land Ceilings Act etc. The Doctrine of Sovereign Immunity is long abandoned by the British yet survives in India, although diluted where Human Rights have been violated. This law goes against the concept of the Rule of Law. There are some Acts that have been repealed by the central government but the state government has not followed the lead, for example Urban Land Ceiling Regulation Act. The State Law Commission should tackle the task of identifying obsolete laws as quickly as possible.

(4) *Financial Management:* Fiscal Responsibility Bill and fiscal and public expenditure reforms are important steps towards reversing the fiscal deterioration, expanding allocations for critical sectors such as education and health, and strengthening financial accountability. Budget should be easily understood and be transparent. Andhra Pradesh has started the process of consultation with the stake holders- the public, with the NGO's etc. in advance of the budget formulation exercise. Fiscal consolidation - incorporating expenditure restructuring, cuts in non-merit subsidies and increases in the user charges should become major planks of action. Non-merit subsidies should be slowly phased out. It is necessary that all subsidies are made transparent and shown explicitly in the budget so that it can be known that they are well targeted and they reach the target group. It is necessary to identify areas that need subsidy –those that will become financially viable over a period of time and those that have a tremendous social profit need to be subsidised In other cases subsidies should be eliminated. Likewise unproductive schemes, overlapping schemes and schemes with miniscule outlay should be discontinued. The objective should be for the state government to provide only merit goods and services with positive externalities, where a non-payer cannot be excluded. Fiscal Responsibility Bill should be enacted as early as possible.

Therefore, fiscal reforms at the level of the state that would correct the deteriorating governance situation and improve the development potential would include efforts to:

- improving the tax system for example**,** tax simplification, introduction of VAT, introduction of taxes on agricultural incomes and land.

- plugging leakages in collection of taxes and improving the tax to GSDP ratio.

- reforming public sector enterprises including private service provision, privatisation, retrenchment and re-deployment.

- reprioritising spending; increased social sector and infrastructure spending, consolidation of the numerous welfare programmes, better targeting of social subsidies, downsizing and upgrading the administrative service; and

- improving cost recovery particularly in power and irrigation, sectors that are key to the reform process.

(5) *Administrative reforms:* are necessary to improve the efficiency and transparency of government functioning and service delivery. Downsizing and rightsizing of government departments is an important step towards this. There is an urgent need to reduce the size of the government establishment and reduce established expenditure from the present 60.9 per cent to 50 per cent of revenue expenditure. Rules for the transfer of civil servants are another important task. From time to time the government has issued transfer policy guidelines that have been mostly sidelined. The Sukthankar Committee Report suggests the

establishment of Transfer Boards. This will ensure more equitable and objective consideration of each transfer proposal and minimise the probability of corruption and other malpractices that are in existence today. This will also ensure a fixed tenure of reasonable span, thus improving the efficiency of the officials. The adoption of Transfer Policy on the lines proposed in the Sukthankar Committee Report would be a useful step.

(6) *Decentralisation:* Decentralisation can become a reality only by a paradigm shift from supply driven model of service delivery to demand driven approach - top down to bottom-up. Empowerment and involvement of the community in the planning and implementation stage will bring about a sense of community ownership and responsibility.

The following principles drive such programmes:

- services should be delivered at the lowest appropriate level;
- adoption of a demand-driven and participatory approach;
- community to have a sense of ownership of asset;
- focus on village level capacity-building;
- integrated approach for instance water supply, sanitation and hygiene promotion;
- partial capital cost recovery and full operations and maintenance financing by users; and
- well-informed community with strong Panchayati Raj and Urban Self Governing Institutions.

(7) *Government Role:* Government should be more a facilitator for rather than a service provider. The government need to rethink its role and endeavour to withdraw from a number of areas so as to strengthen its role in selected sectors. It should drop the excess baggage and let it be handled by the private sector. In fields like higher education etc. it makes better sense to let the private sector take over.

(8) *Simplification of Procedures and Jurisdiction:* High degree of co-ordination and breaking down of the wall of official jurisdiction. To implement any scheme, various departments of state government get involved. It is not easy with the present system to get things done when a scheme has to get sanctions and clearance from multiple departments as the jurisdiction demarcation often come in as stumbling blocks. Citing the example of the Mhaswad Water Scheme, initially, to acquire the land needed to carry out the project, permission of the revenue department was required; to lift the water, permission of the irrigation department was required; and for the electricity supply not only permission of the electricity department was mandatory but, according to their conditions, Rs. 36 lakhs had to be deposited with them. Mhaswad Municipal Council did not have the funds, so the government of Maharashtra deposited the money. It proved very difficult to deal with the various departments involved. It took nearly seven years for the initial hurdles to get pass. Presently, the different departments at the national level as well as the State level look after the natural resources like land, water, forests and biodiversity. There is need to adopt the integrated approach for the development of natural resources. Unless the integrated concept is adopted, development programmes in isolation for different resources and by different departments may not bring the desired result (Swaminathan, 2002).

Apart from simplification of rules and procedures, all unnecessary or marginally relevant requests and provisions for obtaining NOC, licenses, permits, approvals, sanctions, registrations etc. should be done away with. Citizens Charters should be prepared for each department laying down time limits and procedures mentioning the grievance redressal mechanism in those tasks. Academics, trade and professional organisations and NGOs should work hand in hand with the government (V. Ranganathan, 2003).

(9) *Planning resource flows to curb regional and class disparity:* Once the Appropriation Bill gets passed by the Legislature expenditure should be totally in accordance with the appropriation. There is an urgent need for group specific public interventions especially in situations of historically disadvantaged groups and backward and remote geographical areas locked into poverty. These cases need to be addressed going beyond the usual policies and need to be carefully identified without being pressurised by strong lobbies. Preferential policies towards some groups or areas designed to cope with historical handicaps can carry the risk of being difficult to reverse.

Programmes for bringing scheduled tribes, scheduled castes and other backward classes to the level of the rest of the community are among the most significant tasks. For this the government should make sure that there is tremendous reduction in the proliferation of schemes. If there are too many schemes then administering them becomes a Herculean task. In Maharashtra, although there is a separate department of Tribal Development to be able to cater to the developmental needs that are special to tribal areas, the department has more than 250 schemes under which assistance is provided to tribals.

(10) *The Police should become instruments for upholding the Rule of Law:* For this, they need to be insulated from political interference in operational matters. The police should also be made accountable to the law, for them to be accountable certain protections like Section 132 and 197 of the Criminal Procedure Code have to be removed. There is also the recommendation for the appointment of a Criminal Justice Commission, which has not been accepted by our politicians at large. It is necessary to raise the status of the police to make him trustworthy in the eyes of the citizens. Regulating police behaviour through internal controls and external supervisions can do this. Mandatory judicial enquiry in custodial crime, death in custody, rape in custody etc., need to be formalised.

(11) *Grievance Mechanism:* The institution of Lok Ayukta to be made more transparent to the public. It will facilitate the grievance mechanism if a state Vigilance Commission is appointed and also if it uses the services of the Anti-Corruption Bureau when desirable. All powers of prosecution should be vested in the Commission. There should be a time limit set for the decisions by the Lok Auykta. A levy of a small fee on applications should also be considered as this may curtail unnecessary applications (Iyer, R. C., 2003).

(12) *Public Procurement:* Karnataka has Transparency in Public Procurement Act 2000, and it will do well for Maharashtra to follow suit. The Maharashtra government is a significant purchaser of goods and services. It tenders for various civil engineering and other works through its PWD and irrigation departments. The Industries Department is the nodal agency, which issues formal orders and policy directives regarding procurement. The present process, which is very elaborate, needs to be simplified. There is no statute that governs purchase tendering and contract procedures. Such an act will bring about transparency and procedural reforms.

(13) *Public Distribution System (PDS):* While the Centre is responsible for procurement, storage and transportation of the PDS products up to the godowns and making them available to the States, the onus for distribution to the consumers through the fair price shops and administration of the PDS lies with the State governments. The private agencies can be used in the PDS. To give an example 3006 fair price shops service the needs of 36,33,904 families in Mumbai and Thane. The PDS is supposed to provide food grains at a subsidised rate. But these good intentions ran into a number of problems like difficulty in obtaining ration cards, black marketing, poor quality grains, adulteration, etc. Though NGOs were aware of it, a systematic partnership between Rationing Kruti Samitee (RKS) an NGO and the government (Controller of Rationing) came about only in 1992. Over the next two years a number of objectives were met i.e. simpler procedure to obtain ration cards, displaying samples of grains to counter adulteration, police raids to deal with black-marketing, etc. (YUVA et al; 1996). This partnership succeeded to a large extent and did achieve what it was meant for. The actors in the model i.e. the NGOs, the department of rationing and the shopkeepers were able to sort out their differences in order to make the whole scheme viable at least for the initial period. However, on the last count i.e. sustainability, the whole project failed. The Controller of Rationing for Mumbai was supportive of it, but the enthusiasm of the government for the scheme waned after his transfer. The communities, on the other hand, were not equipped to continue with the scheme.

(14) *Working in close proximity with the Private Sector and NGOs:* Public Private Participation (PPP) can promote good governance. This system has been tried out for the registration of documents. A private party was appointed for operating a computerised system in all the Registration offices in about 350 Talukas. The private party invested the capital, appointed personnel, processed the documents, assessed fees and approvals obtained

from the Sub-Registrar. By this the government revenue went up and the public too were happy with the efficiency and speed of service. The experience of SETU and SARITA has shown public–private partnership can bring the efficiency of private sector to bear upon the provision of public services. It not only reduces the pressure on the government funds but also makes the interface between the citizen and the government friendly and efficient.

(15) *Widespread dissemination of good practices especially in e-governance:* Maharashtra has had a number of good e-governance initiatives. For instance SETU is a good e-governance initiative for the issue of various types of certificates and SARITA for Registration. Adopting the best practices of success stories and avoiding the mistakes of failed initiatives should become the general rule. Some of the good work in other states need to be studied for implementation in Maharashtra especially those that will reduce red tape and corruption. The Bhoomi project in Karnataka for instance is expected to eliminate corruption and red tape at the village level. The project is designed to help 6.7 million farmers get copies of record of rights, tenancy and crops, a document essential in their dealings with the government and financial institutions. The Gujarat Road Transport Department's 'computerised check-post project' has eliminated corruption at 10 octroi posts on the state's borders, and increased the revenue from Rs. 60 crore in 1998-99 to Rs. 250 crore in 1999-2000 (Arul Aram, 2002). The moment a truck enters the state, its weight is recorded and the vehicle is video graphed, and the data is instantly accessible in Ahmedabad. This allows little room for local officials to take bribe. Compared to the additional revenue earned, the heavy capital investment of Rs. 18 crore is nothing. Other good projects to take note of are HARIS the web enabled electoral rolls in Haryana, Saukaryam the online

civic services in Vishakhapatnam (Andhra Pradesh), computerisation of driving licenses in Delhi, computerisation of district administration of Thanjavur in Tamil Nadu, etc. Some of them have been partially or fully implemented in Maharashtra, but the pace needs to be accelerated. Such initiatives will reduce the interface of public functionaries with the citizens and will reduce the chances of corruption besides ensuring quick service.

(16) *Quality of Services:* The State government is providing a lot of services, but the problem lies in the quality of services. Quality in Government services can be improved by integrating the Citizen's Charter and Information Technology initiatives under a holistic umbrella. Twenty-two departments have framed citizens charter indicating the level and type of services citizens are entitled to. These charters set concrete and measurable goals for all citizens to see and defaulting agencies are to be held accountable. However, there is no system to find out whether they are being enforced. There should be a proper monitoring of the citizens charters preferably by an NGO, they should be easily available without difficulty and should be given wide publicity.

Although there is an increasing demand for the public to have a greater say in the business of governance, the intelligentsia and the vast majority of the educated middleclass, those who can effect a change, tend to be silent spectators without any involvement – many of them do not even cast their votes. For institutionalising good governance the key stakeholders – the middle class – should take time to value and care for the process of change and should be willing to commit themselves towards this belief. The "middle class" should rise to the occasion and get actively involved in bringing about good governance for if they remain indifferent the mountains of resources would constitute a scrap heap in the path of the destiny of the State.