Good Governance Initiatives in Andhra Pradesh: 2003

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Foreword by the Chairman of the Board of
Centre for Good Governance
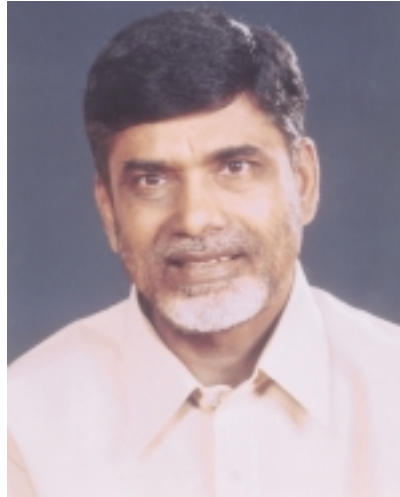
N. Chandrababu Naidu

The Government of Andhra Pradesh has set for itself an exciting and ambitious vision and a challenging mission to become the most progressive state in India. A host of initiatives for improving governance through administrative reforms, socio-economic change and cultural transformation are taking place simultaneously to help achieve this mission. At this juncture collating and documenting the best initiatives of the government will mean a step towards realizing the vision.

The Centre for Good Governance has been established to help support the Governance Reform Programme. One of its specific tasks is to document and disseminate examples of good practices in the field of good governance annd public sector reforms.

"Good Governance Initiatives in Andhra Pradesh" has been prepared by CGG to give policy makers, senior government officials and civil society an opportunity to identify, evaluate, adapt and disseminate exemplary practices and initiatives of the Government. In doing so we hope to demonstrate our openness to new ideas, our desire to work transparently and our willingness to share lessons we have learnt with others, both in India and abroad.

I welcome this initiative by the Centre for Good Governance in documenting these selected best practices and hope that it will help promote real Good Governance in Andhra Pradesh and elsewhere.

Nara Chandrababu Naidu

Hon'ble Chief Minister of Andhra Pradesh

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Introduction

The Government of Andhra Pradesh (GoAP) has set itself challenging targets for securing sustainable social and economic growth for its people, improving their quality of life, increasing peoples' participation in the development process and governance, and for reducing poverty. The State's "Vision 2020" aims at making Andhra Pradesh the foremost State in the country in terms of growth, equity and quality of life by 2020. The Mission of the State as envisaged in Vision 2020 is to:

- eradicate poverty and take care of the old, the infirm and genuinely needy;

- enable people to learn, earn and lead healthy and productive lives;

- promote small families for a healthy and wealthy society;

- give children a happy childhood and every opportunity to achieve their full potential;

- empower and support women and girls to fulfill their roles as equal partners in progress;

- create resources the people need, such as capital and infrastructure, to transform their own future;

- enable farmers, entrepreneurs and professionals to make agriculture flourish and build thriving industries and service businesses;

- embrace innovation and the latest know-how to grow crops, produce goods and provide high quality services;

- safeguard environment and make cities and villages clean, green and safe to live in;

- make governance simple, moral, accountable, responsive and transparent; and

- ensure that people continue to have a strong voice and role in governance.

Drawing upon national and international best practices, Andhra Pradesh Vision 2020 outlines the development goals and trajectories of the State in the first two decades of the 21st Century. It enumerates the potential and resources of the State and recognises the opportunities thrown open by liberalisation, globalisation and information technology. It also identifies select growth engines to 'leverage' the strengths and advantages in sectors and regions. It advocates a strategy of leapfrogging growth with justice, aimed at sustainable improvements in the living standards of all sections of the people. The growth engines are selected based on an evaluation of regional and sectoral potential to build on accumulated strength, to make significant impacts, and to exploit opportunities created by global trends.

While recognising that the growth engines will be developed mainly by private sector investment, Vision 2020 emphasises the need for a new role of the State as a facilitator of economic growth. It is envisaged that the State Government will transform itself from being primarily a controller of the economy to a facilitator and catalyst of economic growth. The Government's role in inducing economic growth will be in the following key areas:

- providing specialised infrastructure;

- deregulating or creating regulation that fosters investment and facilitates business;

- accelerating the development of skills; and

- conducting focussed and effective promotions to market the opportunities the State offers to investors.

Vision 2020 outlines an agenda for growth-centered and people-centered governance in Andhra Pradesh. This agenda includes:

- refocusing the Government's priorities and shifting spending from unproductive areas towards achieving high priority developmental goals;

- decentralising governance and making it participatory with the involvement of the people;

- introducing 'electronic government,' i.e., using IT-based services to de-mystify procedures and improving Citizen-Government interface;

- becoming a SMART (Simple, Moral, Accountable, Responsive and Transparent) Government by improving transparency and accountability at all levels and ensuring effective and responsive services;

- building the administration's capabilities, strengthening policy-making and improving performance; and

- taking a lead role in persuading the Central Government in initiating regulatory and other reforms.

It is envisaged that improvements in efficiency and effectiveness of the Government through the implementation of the SMART agenda will lead to considerable improvement in opportunities for human development and poverty alleviation in Andhra Pradesh.

In addition to being a facilitator of economic growth and promoter of private initiatives, Andhra Pradesh Vision 2020 emphasises the critical role of the Government in promoting human development and alleviating poverty. The people are supreme in the development process and development will have no meaning if the people are not involved, informed and empowered. Accordingly, the State is promoting a people-centered and participatory approach to development with a novel concept called "Janmabhoomi". The premises on which "Janmabhoomi" is based are:

- people are to identify their felt-needs and priorities;

- people must share the cost of community works through material, labour, monetary contribution or a combination of any or all of them;

- people are to execute community works through people's committees and self-help groups;

- people are to review the progress of public works and audit their own expenditures;

- people will own community assets created and manage their own institutions;

- people must have full information on government policies, plans and programmes.

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To convert this Vision into reality, in addition to initiating several innovative schemes such as "Janmabhoomi", the Government of Andhra Pradesh has started several operational initiatives such as:

- establishing 12 Cabinet Sub-Committees in December 1999, including Cabinet Sub-Committee on Administrative Reforms, and a Task Force on Good Governance;

- publishing departmental White Papers on Governance;

- undertaking expert studies to drive growth engines as catalysts;

- initiating comprehensive reform processes;

- taking up Governing for Results Programme to build change management capabilities across the Government.

In January 2002, the Government of Andhra Pradesh brought out a Strategy Paper on Governance and Public Management which forms the basis for governance reform activities in the State.

Governance involves mechanisms, processes and institutions, through which people articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. The characteristics of good governance include: rule of law, participation, transparency, responsiveness, consensus orientation, equity and inclusiveness, economy, efficiency and effectiveness, and accountability. As people are the source of all power in a democracy, accountability to the people ought to be the hallmark of democratic governance. Keeping these factors in view, the Government of Andhra Pradesh has adopted an approach of combining knowledge, technology and citizen-centricity as the key strategy to improve governance in the State. Accordingly the Government has been focusing on harnessing expertise and best practices for good governance through expert committees and building institutions that can facilitate the reform process and management of change.

The following chapters detail examples of best practices being adopted in the State in various spheres of Government activity.

1. Population Stabilisation - A Success Story

Backdrop

Population stabilisation is an essential pre-requisite for sustainable human and social development. The National Population Policy (NPP-2000) recognises the fact that population stabilisation is as much a function of making reproductive health care affordable as other life-quality improving services such as primary and secondary education, sanitation, drinking water, housing, transport, communication, and empowering women and enhancing the scope for their employment. It outlines the policy framework for advancing goals and prioritising strategies during the next decade to meet the reproductive and child health needs of the people and to achieve net reproduction rate of unity or replacement level of fertility by 2010. It recognises the need to simultaneously address issues of child survival, maternal health and contraception while increasing outreach and coverage of a comprehensive package of reproductive and child health services by Government, industry and the voluntary, non-government sector.

Situation before the Initiative

Andhra Pradesh, with a population of 7.57 crores (2001 census) faced the population question as part of a larger problem that can be called the earth question. Adverse effects on availability of land and resources, re-distributive justice, adverse balances of power manifested widely. The State Population Policy that was announced in 1997 identified key areas of concern shown in Box 1. Population stabilisation thus came to the forefront of development initiatives as it was agreed that for the benefits of development to be harnessed optimally, population stabilisation is not only necessary but also essential.

> **Box: 1- Areas of concern: Population and Well-being**
>
> - 51% of girl & 47% of boy children suffered severe malnutrition
> - 11 million people had no access to drinking water
> - 1/12th of the population had no access to sanitation facilities
> - 25 million people were below the poverty line
> - 6 million people were to be provided employment
> - operational landholding declined from 1.72 to 1.56 hectares in less than a decade between 1986-92
>
> Data source: State Population Policy, GoAP , 1997

Description of the Initiative

Andhra Pradesh is the first state in India that took the initiative of formulating a State Population Policy in 1997. Clear demographic goals to be attained by 2010 and 2020 were worked out. These were reiterated as part of the goals set in the Vision 2020 document of the State Government.

The primary goal is to achieve significant reductions in fertility through decentralised, bottom-up, family-centered planning which links demographic goals to a range of reproductive health concerns. Taking cognisance of the fact that the population issue cuts across various developmental sectors, the Andhra Pradesh Population Policy also emphasises inter-sectoral coordination and public-private partnership. Andhra Pradesh recognises that the success of the population stabilisation programme is ultimately in the hands of the people, and thus aims towards generating the necessary community

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commitment and momentum, which is supported by strong political will and effective administrative set-up for the delivery of quality services.

The Andhra Pradesh model of population stabilisation is based on:

- The decision to follow the International Conference on Population and Development-1994 resolution in its full spirit - increasing the age of marriage of girls, ensuring complete ante-natal care and institutional delivery, ensuring universal, complete immunisation, prevention and home-based care for diarrhoea among children (under-5 years), promoting adoption of small family norms, prevention and care of reproductive tract and sexually transmitted infections;

- State Population Policy formulated in 1997, announcing the key strategies and approaches for achieving population stabilisation;

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Goals for Population Stabilisation

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Goals	Current Status	Goal for 2020
Infant Mortality Rate	66	15
Maternal Mortality Rate	1.54	0.5
Total Fertility Rate	1.25	1.5
Contraceptive Prevalence Rate	58.19	75
Crude Birth Rate	20.8	13.02
Life Expectancy at Birth (Male)	62.79	64.94
Life Expectancy at Birth (Female)	65	67.23

Source: Vision 2020, State Population Policy & Department of family Welfare

- The continued supply of subsidised rice that added greatly to the credibility of the government in the eyes of the common man and contributed to family security. The State efficiently managed the sterilisation and reproductive and child health (RCH) programme;

- High exposure of the population to media, especially electronic media;

Figure 1
Decadal Growth in Population (%)
Andhra Pradesh & India

SOURCE : CENSUS OF INDIA 2001

- Empowerment of women in the state through the self-help group movement and increase in female literacy;

- Decision to make 'small family norm' a movement by ensuring supply of 'good quality services within arm's length of desire', coupled with creating a 'desire among people to accept the norm';

- Convergent action with involvement of all departments in the State and with the community to achieve improved health status.
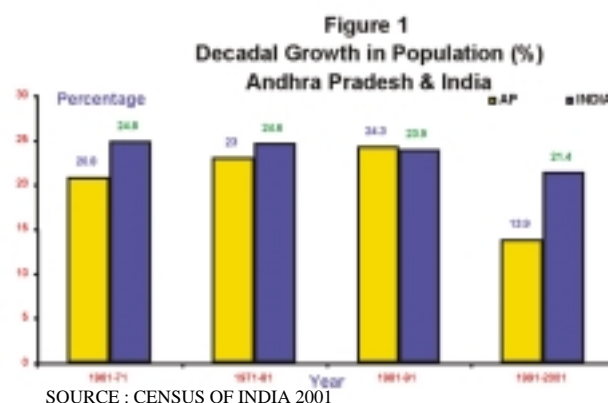
The understanding was that ensuring reproductive and child health and well-being would have a positive impact on population stabilisation.

The **lessons drawn by Andhra Pradesh from the framework** which has led to this being a success in Kerala and Tamilnadu were:

- Population stabilisation can result only when the people take charge of their lives. Only consolidated individual initiatives can result in a long-lasting positive impact;

- Individual decisions on accepting small family norm is closely linked to confidence of child survival;

- Political will is extremely essential to drive the programme and create an environment, coupled with supply-chain streamlining of services;

- Ability to attain a stable population is closely linked with the empowerment of women and the basic quality of life of the households;

- A rather disheartening lesson was that it was a long drawn process for such a transition to happen in the population profile;

- While A. P. decided to create a framework that addressed all the positive learning of Kerala and Tamil Nadu, it also realised that the time span to achieve population stabilisation had to be compressed considerably in this context. A P could not afford the time as it was starting rather late;

- Andhra Pradesh's context on the social front was very different from those of Kerala and Tamil Nadu despite geographical proximity.

Strategies Adopted

The specific strategies adopted were:

1. Enhancing quality and expanding access to health related services;

2. Undertaking more interventions for safe motherhood, child survival and family planning;

3. Stepping-up demand generation and behaviour change communication activities;

4. Monitoring systems and Accountability.

Interventions Undertaken

1. Infrastructure Development and increase in budget allocation:

The Government of Andhra Pradesh has made a concerted effort to provide universal access to comprehensive and quality health care. Primary health care is being provided through 1386 Primary Health Centres (PHCs), 268 hospitals/ dispensaries/Community Health Centres (CHCs)/mobile units and 10,568 sub-centres in rural and tribal areas. Doctors' strength was increased by 385 in the last 5 years in the Primary Health sector and very recently 1662 additional sub-centres have also been established. 470 PHCs are now providing round-the-clock services for safe deliveries and they have been strengthened by the addition of 450 Auxiliary Nurse Midwives (ANMs). The Tribal Health Service was created and encouraged 265 doctors to stay at the headquarters. Besides, 8500 Community

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Health Workers were positioned in agency areas and 1500 in Mahaboobnagar district to improve health coverage in vulnerable areas. Access to primary care was increased in Urban Slums by establishing 192 Urban Health centres with 384 ANMs. Also, the outreach services in urban areas were further strengthened by providing another 292 ANMs. The recruitment of health personnel has been done regularly and since last year, recruitment is being done on a contract basis to ensure better quality.

1. Budget: The State Government has consistently increased allocations for the Health and Family Welfare sector. Allocations for the health sector increased from about Rs.560 crores in 1994-95 to Rs.1500 crores in 2003-04. In other words, measured at current prices, allocations to this sector have tripled over a period of nine years.

Sl. No.	Period	Allocation (in crores)
1.	1994-1995	560.19
2.	1995-1996	604.93
3.	1996-1997	781.38
4.	1997-1998	861.08
5.	1998-1999	1062.64
6.	1999-2000	1339.97
7.	2000-2001	1464.2
8.	2001-2002	1472.07
9.	2002-2003	1336.65
10.	2003-2004	1404.31

The budget for the year 2002-2003, was reduced mainly because the contribution of State Government for the World Bank Projects, viz., AP First Referral Health System Project (APFRHSP), Andhra Pradesh Economic Restructuring Project (APERP), and India Population Project (IPP-VIII) had reduced.

2. Procurement of Drugs: A centralised procurement and distribution system has been constituted for the supply of drugs to all the health institutions in the State to ensure that essential drugs of good quality are available at all times in all the health institutions of the State. Over the past couple of years, the budget for drugs was more than doubled to Rs.60 crores.

2. Strengthening Auxiliary Nurse Midwives:

1. Additional ANMs for rural and urban areas are being recruited on a contract basis to make the geographical area under each ANM manageable.

2. ANMs are provided with interest free loans for the purchase of mopeds. 1217 ANMs have utilised the loan facility under this scheme so far.

3. Infrastructure, additional equipment and drugs are also provided to sub-centres for improving services.

3. Backward area project under RCH:

1. The RCH approach as propagated by the International Conference on Population and Development (ICPD) 1994, is implemented throughout the State.

2. Besides this, poor performing districts on the demographic indicators like Mahaboobnagar and Ranga Reddy have been covered by special sub-projects.

4. Round the Clock Women Health Centres:

1. 450 Primary Health Centres in backward areas have been designated as Round the Clock Women Health Centres.

2. Normal delivery services are being provided round the clock in these institutions by the nursing staff of PHC.

3. Specialist clinics by a Gynaecologist and a Paediatrician are being provided in these institutions on a fixed day once a week.

4. Additional facilities like telephone and vehicle for transport are also provided to improve communication and referral system for emergency cases.

5. Family Planning Operations:

1. During the last 6 years the State has conducted a large number of Family Planning operations, which is steadily increasing - from 5.14 lakhs in 1996-97 to 6.3 lakhs in 1997-98, 7.33 lakhs in 1998-99, 7.92 lakhs in 1999-2000, 8.14 lakhs in 2000-01, 8.08 lakhs in 2001-2002 and 8.13 in 2002-03. A. P. has been standing first in the country since 1996 on the absolute number of sterilisations performed.

2. The State Government has increased compensation for loss of wage from Rs.120 per acceptor to Rs.500.

6. Scheme for Promoting Institutional Delivery:

1. The percentage of institutional delivery in Andhra Pradesh is close to 50%.

2. Untrained attendants conduct the rest of the deliveries at homes resulting in high levels of MMR (1.54/1000 live births) and IMR (65/1000 live births).

3. Choice of home delivery is largely dependent on the economic status of the mother. Identifying this issue, a scheme called Sukhibhava has been designed to support poor women to opt for institutional deliveries.

4. Under this scheme, women below poverty line are paid Rs.300/- towards transport charges and incidental expenses if they deliver in any Government institution. The budget for 2002-2003 is Rs.10 crores. The number of people who benefited from this scheme during 1999-2000 was 6887, during 2000-2001 it was 28,264, during 2001-2002 it was 94,413 and during 2002-2003 it was 2,05,401.

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7. Community-based teams for mother and child welfare (Janani):

1. Every village has a Janani (meaning 'mother' in Telugu) Team with the Sarpanch as the Chairperson. The other members are a lady ward member, AWW, mothers' committee president, SHG motivator, youth activist and the ANM is the Member Convener.

Each ANM is supposed to conduct outreach sessions in the village and the Janani Team is expected to support her. The coordination provided by the Anganwadi worker, Self-Help Groups and Sarpanch strengthen the care for all mothers and children.

8. Strengthening of Immunisation Programme:

1. The performance of the State in Universal Immunisation Programme has improved with an achievement of about 72% of full immunisation provided to the children.

2. Diseases like Poliomyelitis, Diphtheria, Neonatal Tetanus, Pertussis, Measles and Tuberculosis have been effectively controlled through the Immunisation Programme.

3. With a view to further improve the quality and extent in coverage of the immunisation service, Immunisation Strengthening Project is being implemented with funds from Bill and Melinda Gates Foundation from the year 2001.

4. The programme also supports the introduction of Hepatitis-B vaccine in the State.

9. Intensified Pulse Polio Immunisation Programme:

Andhra Pradesh has made giant strides in eliminating polio since the inception of Intensified Pulse Polio Immunisation Programme. Every year, all children up to the age of 5 years are administered two doses of Oral Polio Vaccine on two National Immunisation Days. House-to-house coverage to identify and administer vaccine to the remaining children is also a part of the programme. In 2002-03 a total of 1,09,67,386 children were administered OPV. As of now no polio case has been reported in Andhra Pradesh since December 1999 till May 2003.

10. Nutrition for poor pregnant women and ensuring full immunisation - National Maternity Benefit Scheme (NMBS):

1. NMBS is a scheme meant to provide for nutritional requirements of poor pregnant women and also to ensure that the child receives full immunisation under the universal immunisation programme.

2. A cash incentive of Rs.500 is paid to the women in two installments to meet these twin objectives.

3. During 2002-03, 3,80,802 women from poor families benefited from this scheme.

11. Health Insurance: Aarogyaraksha

1. Population stabilisation cannot be achieved without maternal well-being and child survival. The decision of couples regarding the optimal size of family is influenced to a large extent by the confidence about child survival.

2. To increase the confidence of couples regarding child survival and to support them in opting for a small family, a scheme called Aarogyaraksha has been designed that provides insurance coverage to the acceptors of family planning with 2 children.

3. This scheme provides health insurance coverage for a period of 5 years to the sterilisation acceptors and their 2 children. The coverage is to an extent of Rs.20,000/- for a period of 5 years @ Rs.4,000/- per annum. The beneficiaries are provided with the facility of in-patient treatment in identified Private Nursing Homes. The scheme also includes accident insurance coverage for the children. The premium amount for each family is Rs.75/-

12. Contraceptive Social Marketing and Age at Marriage promotion - A P Social Marketing Programme:

1. The use of spacing methods in A. P. (close to 1%) is one of the lowest in the country. It is well documented and accepted that spacing has a great impact on reducing the MMR and IMR. In order to increase the use of spacing methods among eligible couples in the State, a project called A. P. Social Marketing Programme was implemented in partnership with a corporate organisation.

2. The project has developed well-researched communication materials for use by the ANMs in health education and counselling. ANMs in the State were trained to undertake health education and counselling using the kit for promoting spacing, use of ORS, IFA tablets and increase in age at marriage.

3. Simultaneously, expansion of the retailer network has enhanced the availability of spacing methods in the intervention sites. Besides, IUD insertion clinics called Vanitha (meaning woman in the vernacular language) clinics are being established in partnership with private hospitals to expand the access to good quality services.

13. Primary health care for urban poor: Andhra Pradesh Urban Slum Health Care Project

1. 192 Urban Health Centres were set up in 74 municipalities with the objective of providing primary healthcare to urban poor in slums.

2. The focus of service delivery is to provide healthcare to mothers and children in urban slums.

3. The vast potential of the NGO sector is tapped by contracting 192 NGOs across the State to manage the UHCs. All the staff of these centres are contracted by the NGOs. The rapport of the NGO with the community provides a firm community-base to the project.

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14. Information and Computerisation Technology (ICT) applied to improving health service delivery:

1. In order to ensure timely, accurate and easy documentation of health status of beneficiaries in an easily retrievable manner, the entire health sector data is being digitised.

2. Options with Personal Digital Assistant and without it have been experimented on and piloted with full-fledged software and trained staff in a division of one district.

3. On meeting with tremendous success in this venture, the application of ICT in managing data has been scaled to cover the districts.

4. Besides this, the introduction of tele-medicine (remote consulting) for reaching specialist services in remote areas for both the beneficiary welfare and for professional support to the doctors is also being experimented with.

15. Advocacy through media coverage:

1. Since mean age at marriage for girls is low in Andhra Pradesh, a campaign has been designed and is being implemented all over the State. In every district 80 workshops are being organised for adolescent girls and their mothers to inform them about the need for a higher age at marriage. Workshops have also been scheduled for Opinion Leaders.

2. Mass Media is being used to reach people with Family Welfare messages.

3. The Family Welfare department has been using outdoor displays (hoardings, shelters and pole-boards) to communicate key messages.

4. Vernacular press has been used extensively. The topics covered were age at marriage, institutional deliveries, neo-natal care and spacing.

5. Radio and television have also been used for health campaigns.

Achievements

The commendable performance of the population stabilisation policy/programme of Andhra Pradesh is reflected in the Census of 2001, which highlights some of the important achievements of Andhra Pradesh.

- During 1991-2001, Andhra Pradesh has recorded the third lowest decennial growth rate in population in the country (13.9%) after Kerala (9.4%) and Tamil Nadu (11.2%). Five districts of A. P., viz., Vizianagaram (6.36%), Guntur (7.27%), East Godavari (7.30%), West Godavari (7.92%) and Srikakulam (8.93%) had decennial growth rate lower than that of Kerala's.

- The population growth rate declined in the State for the first time after the State's formation. During 1991-2001, all the districts had lower than national population growth excepting Ranga Reddy, which received significant migration.

- The sex ratio of A. P., which was showing a declining trend since 1961 (981, 977, 975 and 972 at 1961, 1971, 1981 and 1991 census respectively) has shown an improvement with the 2001 ratio standing at 978 females per 1000 males.

Performance despite odds - AP Model:
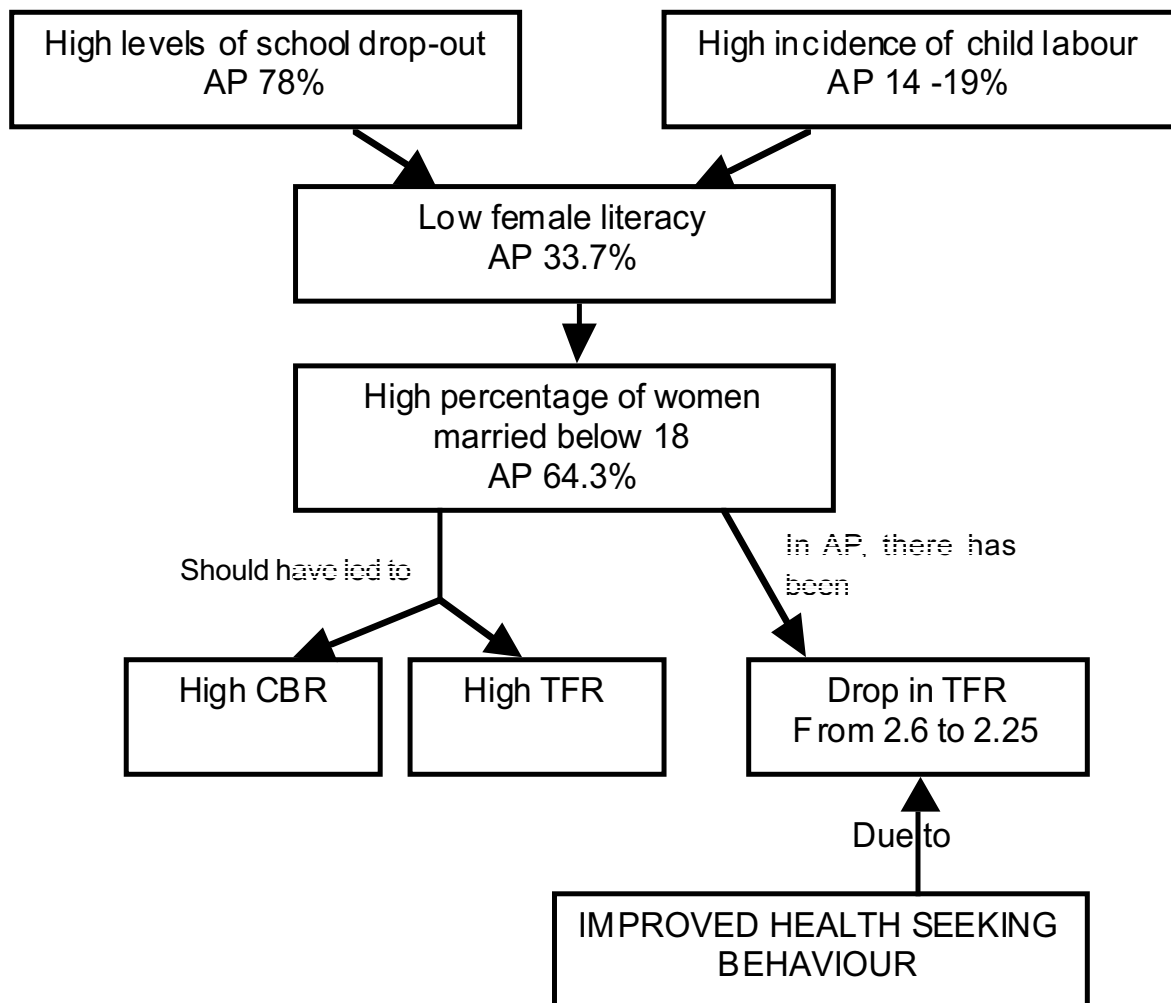
Success Ingredients

- A clear-cut policy that provided direction;

- Not treating population issue in isolation; but making it a part of the package of 'value- added service delivery';

- Innovation in service delivery;

- Ownership by the political leadership communicating commitment to the cause right from the top through the ranks;

- Bureaucratic commitment in translating the goals into projects and establishing management systems and structures that ensured smooth achievement of desired results;

- Other parallel women's empowerment programmes like Total Literacy Campaign and the women's thrift and credit groups that provided women with the much needed economic liberty and independence.

2. Best Practices in School Education

A. Chaduvula Panduga

Vision 2020

By 2020, Andhra Pradesh will be not just a literate but a knowledge society capable of meeting the challenges posed by the 21st century. It will be a State in which every person will be able to realise his or her full potential through access to educational opportunities regardless of the class or region to which he or she belongs. Andhra Pradesh will offer its people a variety of opportunities to develop a rich base of skills that industry can draw upon to build a competitive economy. With a progressive and well-managed education system and many institutions of learning and skill-building, it will make an effective and complete transition into a Knowledge Society.

The Strategy

The State Government has formulated its strategy for achieving the twin objectives of universal elementary education and adult education leading to the ultimate goal of education for all.

In consonance with the goals and objectives envisaged in Vision 2020 and its commitment for Universalisation of Elementary Education (UEE) by 2005, the agenda of education has the principal objectives of universal enrolment, retention and quality. To this extent the policy environment has been created and it aims to mobilise all possible resources and also decentralise the management of educational resources and processes to institutions of civil society, to representative bodies of the teachers, parents and community members at appropriate levels. The policy recognises that the challenge of UEE can be met only through collaborative partnership with all stakeholders.

I. Chaduvula Panduga (Festival of Education)

The Government of Andhra Pradesh in its Vision 2020 document recognised that the elimination of child labour is one of the major elements for achieving educational goals. To reaffirm the State's commitment, the Legislative Assembly of Andhra Pradesh passed a unanimous resolution in August 2000 for the abolition of child labour by the year 2004. Towards realising this resolve, in the same year, the responsibility of tackling the problem of child labour was entrusted to the School Education Department along with the Labour Department. Since then, concerted efforts are being made to achieve this objective by sensitising the cross-section of society, initiating penal action against errant employers of child labour and providing requisites for rehabilitating child labourers.

It is against this background that an innovative programme called "Chaduvula Panduga" was taken up during August 2-11, 2002. Chaduvula Panduga is aimed at changing the school atmosphere and ensuring that children come to schools. It is a campaign for total abolition of child labour and universalisation of education.

Objectives of Chaduvula Panduga

- Introducing school to all the children who do not attend school;
- Recognising 'balamitra'-s (people who motivate students to come to school);

- Making children realise the joy of coming to school;

- Ensure that all those students who come to school enjoy their school and continue schooling;

- Making parents partners in all the programmes related to the school;

- Creating an ambience of festivity in the school;

- Delegation of duties to the students and making them responsible for the works.

Chaduvula Panduga I (August 2-11, 2002)

Before Chaduvula Panduga (as on 31.07.2002):

Total No. of children in the age group of 6-15 years:	1,57,56,212
Total No. of in-school children:	1,45,62,891
Total No. of out of school children:	11,93,321

Out of school children comprise both non-starters and dropouts. GoAP considers every out of school child as a child labourer and the "right place for the child is at school not at work".

Activities organised under Chaduvula Panduga

- Literacy campaigns, mobilisation of community, sensitisation of parents and employers of child labourers and their education;

- Arranging village meetings in the schools and conducting various debates about Chaduvula Panduga and dissemination of work to everyone;

- Organising Volunteers and Swayam Sewaks, Group Members from village youth and retired persons forming Balamitra Mandali;

- Planting of saplings in the school premises, and also implementing clean and green programmes;

- Arranging medical check-up with the help of voluntary organisations/government hospitals/private medical practitioners;

- Conducting non-residential bridge courses wherever there are more than 10 child labourers outside the school;

- Meetings with parents, students, teachers and collecting their views on education;

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- Exhibiting kits, TV, VCP, cassettes, library books, etc., which have been supplied, and ensuring their proper use;

- Identifying child labourers and imposing fine on the employers. Freeing these child labourers and helping them join residential and non-residential camps;

- Remitting the money received into the Vidya Nidhi account - for the betterment of schools;

- Making habitations child-labour-free and achieving 100% enrolment;

- Opening of residential and non-residential bridge courses for rehabilitating child labourers and for their 'mainstreaming';

- Conducting Bal Melas in all the schools - making schools attractive and interesting places for children;

- Computerisation of list of children with ID (0-15 years) habitation-wise and mandal-wise - 'child info' system.

Impact of Chaduvula Panduga I

Chaduvula Panduga campaign proved to be a successful and effective mobilisation and awareness programme among the communities on child labour and their education. The Hon'ble Chief Minister, Ministers and MLAs participated in the programme at various levels in the districts during the campaigns and advocated the government policy on abolition of child labour and for universalisation of elementary education. The entire government machinery, civil society, communities, Gram Panchayats and all elected representatives participated in this massive campaign against child labour.

The impact of Chaduvula Panduga I can be assessed from the following results:

- Relieving child labour and enrolment of 5,27,233 children (44.2%) in the age group of 6-14 years in the schools and bridge courses;

- Booking of 5,442 child labour cases;

- Collection of Rs.49,56,526 as penalty amount from employers for engaging child labour;

- 19,929 habitations and 3,923 Gram Panchayats declared as child labour-free along with 100% enrolment in schools;

- Vidya Nidhi to a tune of Rs.3,51,412 lakhs mobilised.

Before and After Chaduvula Panduga I: A Comparison

	Situation Before Chaduvula Panduga (as on 31.07.2002)	Situation After Chaduvula Panduga (as on 31.08.2002)
Total No. of children in the age group of 6 - 15 years	1,57,56,212	1,57,56,212
Total No. of In-School children	1,45,62,891	1,50,90,124
% of In-school children	92.4%	95.8%
Total No. of Out of School children	11,93,321	6,66,088
% of Out of School children	7.6%	4.2%

Chaduvula Panduga II (November 24-30, 2003)

Before Chaduvula Panduga (as on 23.11.2003):

Total No. of children in the age group of 5-15 years: 1,56,17,737

Total No. of in-school children: 1,50,58,673

Total No. of out of school children: 5,59,064

The impact of Chaduvula Panduga II can be assessed from the following results:

- Relieving child labour and enrolment of 1,94,564 children (34.8%) in the age group of 5-14 years in the schools and bridge courses;

- Booking of 2414 child labour cases;

- Collection of Rs.6,36,024 as penalty amount from employers for engaging child labour;

- 32,047 habitations and 7,864 Gram Panchayats declared as child labour-free along with 100% enrolment in schools;

- Vidya Nidhi to a tune of Rs.44,64,707 lakhs mobilised.

B. Computer Education Project (1000 Schools) in Andhra Pradesh

Introduction

With its technical potential, India is one of the leading nations in the world on the Information Highway. The Government of Andhra Pradesh is the forerunner in building world-class manpower in Information Technology and leveraging the technology to the advantage of education. Keeping in pace with emerging technologies, GoAP has proposed to include computer education as part of the school curriculum.

The children studying in Government Schools and schools managed by local bodies are deprived of computer knowledge due to non-availability of IT facilities in the schools. Since computers are increasingly becoming an integral part of the educational system, GoAP decided to introduce computer education in government schools and started a scheme in 2002 titled "1000 Schools Computerisation Project" on an experimental basis.

Objectives of the project

The selected government schools would be equipped with hardware, software and know-how to accelerate the process of building the technical manpower. The main objective of the project is to cover students studying in classes VI to X. It aims to provide basic computer literacy at this level. Subsequently, it is proposed to enhance the scope of the project by providing computer based education in other areas of the school curriculum.

The project also aims to provide access to internet and create school communities interlinked through web based communication systems. With the optic fibre backbone likely to reach upto mandal level by the end of 2004, it is expected that these centres at the school level will play a major part in introducing computers to the community as a whole. These centres will also serve as training centres for teachers from other schools as well. Further, this project also aims at providing assistance to the headmasters of the schools in using computers for school administration and department work during school hours. Among the key objectives are:

- To expand application of computer technology to education sector;

- To provide students with a broad understanding of computers and their use;

- To familiarise students with the entire range of computer applications in all walks of human activity and their potential as a controlling and information processing tool;

- To demystify computers and develop a degree of familiarity with computers to help enlarge students' individual creativity in identifying and developing applications relevant to their immediate environment.

Salient Features of the Project

Sl. No.	Feature	Description
1	Area of Operation	Entire State
2	Number of Schools	1000 Government High Schools (including Zilla Parishad High Schools, Residential Schools, and Municipal Schools)
4	Total Project Cost	Rs.228 crores
5	Grouping of Districts	7 Groups comprising 3 districts each; 8th Group comprising of Ranga Reddy and Hyderabad districts
6	Selection criteria for schools	All Residential Schools to be covered; Not more than two schools in each mandal
7	Beneficiaries	Children studying in classes 6-10
8	Syllabus	Microsoft Windows and Office Suite with Database concepts
9	Course Material	Course material to be provided for each student
10	Instructional hours	All children in the school will be provided computer education for at least two periods during a week
11	Training to teachers	All the teachers of selected schools will receive intensive training so that they can take classes for the children
12	Fee	School students shall not be charged any fee
13	Facilities to be provided by the Government	Space to install computers and 3 phase power connection
14	Implementing Agencies	NIIT, APTECH, EVERONN
15	Administrative arrangements	
	a) Duration of the Contract	5 years (2002-03 to 2006-07)
	b) Method of operation	BOOT (Build-Own-Operate-Transfer) Model
	c) Furniture and others	To be provided by agencies
	d) Installation and maintenance	The work to be taken up by the agency
	e) Safety, security and insurance	Responsibility of the agency
	f) Payment to the agencies	10 equal installments once in 6 months

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Installation of Hardware in Selected Schools

• **General Schools (Day Schools)**

Category	Strength	Server	Personal Computers	Internet Connection
A	Above 400	1	10	Yes
B	250 to 400	1	8	Yes
C	Below 250	1	5	Yes

• **Residential**

Category	Strength	Server	Personal Computers	Internet Connection
D	Above 400	1	20	Yes
E	250 to 400	1	15	Yes
F	Below 250	1	10	Yes

Organisational Support

To support the implementation of the activities of the project, the following mechanism is provided by the agencies:

- **Computer Teachers :** Two at school level
- **School Coordinator :** One for 10-15 schools
- **District Coordinator :** One at district level

Monitoring Mechanism

For effective implementation of this project, the following monitoring mechanism has been developed:

● **At State level:** Commissioner and Director, School Education/State Project Director, DPEP conduct monthly review meetings with the agencies concerned.

● **At District level:** A committee has been constituted consisting of Joint Collector as Chairman, District Education Officer, Additional Project Coordinator (DPEP/SSA), Mandal Education Officers,

and Representatives of Agencies as members. The District Committee meets during the first week of every month to monitor the implementation of the project effectively.

Evaluation Criteria

60% of students should pass the test conducted by SCERT. Penalty to a tune of 10% cut in annual payment will be levied on the agency if the pass percentage is less than 60%.

Outcome of the Project

- 3.97 lakh children were made computer literate in the first year of implementation;
- Around 10,000 teachers trained in computer usage in the 1000 selected schools.

Examination Results

The examination results for the academic year 2002-03 are as follows:

Name of the Agency	No. of children appeared	Number passed	% pass
NIIT	1,61,464	155282	96%
APTECH	50,226	48217	96%
EVERONN	39,693	37766	95%
TOTAL	**2,51,383**	**2,41,265**	**95.6%**

Action plan for the academic year 2003-04

- Common textbook developed with class-wise syllabus;
- Uniform time-table for completion of the syllabus;
- Conducting exams in computer knowledge along with regular school subjects;
- Strengthening of monitoring mechanism using services of DIET faculty.

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C. Involvement of Self-Help Groups in Literacy: Akshara Sankranthi Programme

Background

During the 1990s, Total Literacy Campaign was implemented in all the 23 districts of the State. However, considerable residual illiteracy prevailed in many parts of State, especially among women. It was estimated that there were 108 lakh illiterates in the 15-35 age group. Different strategies had been worked out to make literacy a peoples' programme. One of the strategies adopted was to involve self-help groups in the literacy movement.

Probably the most significant change that has taken place in the last few years in the State is the strengthening of the self-help group movement. Common Interest Groups have been formed around a variety of activities ranging from thrift to management of forest resources. Many of these groups have women members almost exclusively. Thrift groups under the Development of Women and Children in Rural Areas (DWCRA) programme have been particularly active in almost every sphere of development and livelihood issues at the village level. Groups under Chief Minister's Empowerment of Youth (CMEY) Programmes have come up well. They have emerged as a strong homogeneous group and have developed as effective pressure groups at the village level.

The Initiative

It was decided to involve self-help groups in literacy programme as a major strategy and the Akshara Sankranthi Programme was launched. Akshara Sankranthi Programme was designed in a manner that it would focus on self-help groups and use the literacy programme as an input. In other words unlike the Total Literacy Campaign where literacy was an entry point activity, the current programme envisaged literacy as a skill to be provided to the self-help group members to enable them function better. Thus, it was felt that it would result in greater utilisation of literacy skills almost on an immediate basis, a situation that did not exist in the previous programme. To this extent, literacy primers were prepared keeping the requirements of self-help groups in mind and addressing issues specific to the members of self-help groups. It was in this context that a special drive was launched in July 2000 under which self-help groups which were interested in implementing this programme were identified along with the illiterates within the groups as also a volunteer to teach them. On completion of the identification of interested self-help groups, a programme of basic literacy was conceived as an annual initiative which began on October 2, 2000.

Unlike the previous literacy campaigns that adopted a generic approach to literacy trying to mobilise all adult illiterates in the age group of 15-35 years, in Akshara Sankranthi a strategic shift was made to focus on organised groups especially of women that had come into existence under other development programmes. Further, recognising that at any given time learners could be at different levels of learning and that different programmes such as basic literacy, post literacy or continuing education do not serve the purpose if they are seen as successive stages of learning, it was decided to launch all the three levels as concurrent processes.

The Akshara Sankranthi programme was built on the experiences of the pilot programme in West Godavari district where 60,000 women belonging to SHGs were covered under basic literacy.

Salient features of the Akshara Sankranthi Programme

i.   NGOs and local groups are actively involved whereever possible;

ii. **Self-Help Spirit:** Self-Help Groups are taking literacy as their group activity. Learners and volunteers are identified by the group themselves. The Group meets costs like volunteers' training, teaching aids, etc. The Government gives learning material and provides training;

iii. **Short duration and innovative teaching methods:** New primers in alphabet method separating reading and writing are developed to improve the pace of learning. The course duration is reduced to 3 months retaining 200 hours of instructions. Group teaching method with locally prepared teaching aids and games have resulted in fast learning;

iv. **Cost effectiveness:** Teaching and learning material, reading book, writing book, pencil, and Akshara Chart costing Rs.15/- are provided to the learners. Along with training, administration and monitoring cost, the total cost comes to Rs.35/-.

In the first phase of the programme conducted between October 2000 and April 2001, around 28.35 lakh learners were made literate. During 2001-02, the second phase of Akshara Sankranthi Programme was taken up and around 22.75 lakh learners completed the two prescribed primers. In the third phase of Akshara Sankranthi Programme around 14.25 lakh learners were made literate.

Statement showing the progress of Akshara Sankranthi Programme

Phase	Target	Enrolment	Achievement
First	60.00	53.23	28.35
Second	35.92	38.23	22.75
Third	23.46	27.09	14.25
		Total	**65.35**

The recently conducted survey during Janmabhoomi Programme showed that there are still 54.48 lakh non-literates in the 15-35 age group in the State. Of them, around 20 lakh people have been enrolled in the fourth phase of Akshara Sankranthi Programme, which was launched on June 2, 2003.

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3. Water Conservation Mission: Neeru-Meeru

Introduction

Due to lack of advance planning and improper utilisation of available water, land is getting either degraded or turning into waste land. In India, out of 3290 lakh hectares of geographical area, nearly 50% of the land is either waste or degraded. The domestic needs of the growing population, their food needs, industrialisation and other economic activities, and enhanced living standards of the people have had a proportionate impact on the demand for water too. Neglect of surface water bodies and indiscriminate tapping of ground water have further aggravated the water crisis. The situation is grave in 7% of the area in the country where ground water exploitation exceeded 85% of the annual replenishable recharge. Equitable distribution of water and participation of the people in sustainable water management is a major challenge for sustainable development in the country. The rainfall distribution and economic growth in many parts of the country are positively correlated. This is more visible in drought years when drought prone areas of the country are seriously affected. The dependency on surface and ground water sources is becoming unpredictable. Out of an approximate 16 lakh open wells dug for irrigation, 12 lakh (75%) dried up; and to compensate for this, double the number, i.e., 24 lakh bore wells were drilled for irrigation. While the ground water table is receding due to excessive exploitation of ground water sources, the output is not consistent with the annual recharge rate resulting in negative water balance and lowering of water table leading to complete drying up of the wells in most of the drought prone areas. The dependency on falling ground water level is drastically affecting the economic output of the farmers, especially in the drought years. The grave situation calls for alternative measures to recharge the depleting ground water levels. In this context, artificial recharge through farmer participation holds the key for enhancing and strengthening the ground water levels.

Andhra Pradesh: Land and Water Profile

The total geographical area of Andhra Pradesh is 275 lakh hectares. Out of this, waste and degraded land constitutes 115 lakh hectares (42%). The state receives an average annual rainfall of 940 mm. Out of the total volume of 25,83,790 lakh cubic meters (9130 tmc) rainfall received, 10,59,269 lakh cubic meters (3743 tmc) (41%) is lost due to evaporation and evapo-transpiration, 10,33,516 lakh cubic meters (3652 tmc) (40%) is lost as surface run-off, while 2,58,379 lakh cubic meters (913

Evaporation & Evapo-traspiration (41%)
Surface runoff (40%)
Soil moisture (10%)
Groundwater recharge (9%)

tmc) (10%) is retained as soil moisture and 2,32,626 lakh cubic meters (822 tmc) (9%) is recharged as ground water.
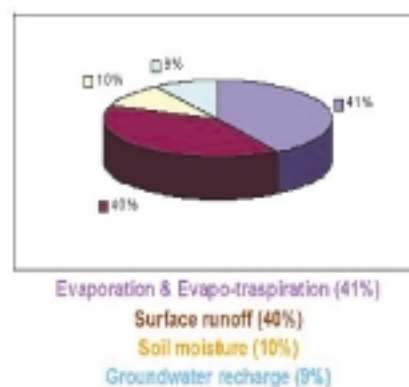
Water Conservation Mission: Neeru-Meeru

The Government of Andhra Pradesh constituted a State Level Water Conservation Mission in May, 2000 under the chairmanship of the Chief Minister. This mission has eminent personalities from all over the country, working on water related issues, as members to ensure promotion of suitable, cost

effective and sustainable measures for water conservation and utilisation in the state. The objective of the Water Conservation Mission is to develop a clear vision and strategy for water conservation and preparation of a time bound action plan, and also to ensure convergence of the plans and programmes of the various departments working directly or indirectly for water conservation and utilisation.

The effort of the Mission is a massive ten-year programme. It aims at the development of all degraded and waste lands (to treat 100 lakh hectares) and was launched during 1997. 32.20 lakh hectares of degraded and waste land has already been treated by 8574 watershed committees under the Rural Development Department and 16.82 lakh hectares of degraded forest land has already been treated by 6726 Vana Samrakshana Samithis (VSSs) under the Forest Department.

The Government brought together all water conservation activities into campaign mode for ensuring convergence of the efforts of all water concerned departments in the name of Neeru-Meeru (Water and You). The Neeru-Meeru concept envisages creation of awareness among people for ensuring their participation in water resource management. The activities taken up by different departments are aimed at creating space for harvesting rain water, which contributes to additional ground water recharge.

Neeru-Meeru Approach

- Environmental engineering: Soil and water conservation from ridge to valley.

- Promoting recycling of waste water.

- Pollution check of water resources.

- Revival of traditional water harvesting structures.

- Participatory technology for increasing ground water recharge.

- Improved irrigation management and change in cropping patterns.

- Natural regeneration improvement.

- Rooftop rain water harvesting structures in urban areas.

Prioritisation of Areas

- 675 stress mandals, i.e.,

  Category-I (Water levels > 20 m.); Category-II (Water levels 15 to 20 m.);

  Category-III (Water levels 10 to 15 m.); Category-IV (Water levels 5 to 10 m.); and Category-V (Water levels < 5 m.) identified by Ground Water Department.

- Villages/Habitations which experience drinking water scarcity.

- Villages located in very high priority watershed areas.

Activities under Neeru-Meeru

The departments of Rural Development, Forest, Minor Irrigation-I&CAD, Minor Irrigation (PR), Rural Water Supply (PR), Municipal Administration and Urban Development, and Endowments are

involved in the implementation of Neeru-Meeru programme. Construction of the following structures have been undertaken to create additional space for filling and recharge of additional ground water:

- Continuous contour trenches/continuous peripheral contour trenching/ staggered trenching on hill slopes
- Gully control works
- Check dams and percolation tanks
- Bunding in farmers' fields
- Farm ponds
- Sunken pits
- Dug-out ponds
- Rock fill dams
- Feeder channels
- Supply channels
- De-silting of tanks
- Restoration of tanks
- Breach closures

Neeru-Meeru Progress

Since the beginning of Neeru-Meeru programme on 01.05.2000, six phases of programme implementation have been completed so far. The seventh phase of Neeru-Meeru programme currently is under implementation.
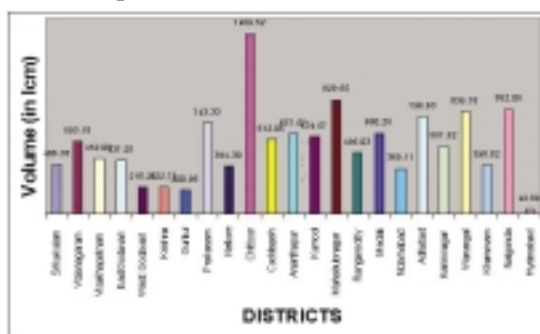
District-wise progress upto Phase-VI
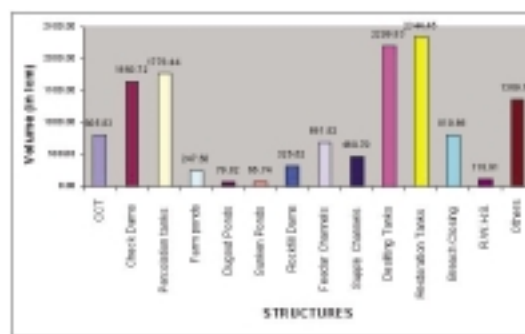
Work-wise progress upto Phase-VI

Major Initiatives

People's Participation through Committees: The Government has constituted committees at state, district, constituency, municipal, mandal and gram panchayat levels, duly involving elected representatives, officials, NGOs and other concerned agencies in order to ensure peoples' participation in water conservation movement. Neeru-Meeru works are executed by stakeholder groups or committees. The Watershed Associations, Vana Samrakshana Samithis, Water User Associations,

DWCRA, CMEY and village education committees are involved in the execution of Neeru-Meeru works.

Transparency and Accountability: The documentation and display of Neeru-Meeru works (Phase-I to V) are performed at village level and the Principal Accountant General is carrying out concurrent audit on Neeru-Meeru works to ensure adherence to guidelines by the executing departments and also to ensure transparency. In addition to this, Engineering Staff College of India is taking up random inspection of works and periodically submits reports to the government.

Verification and Maintenance: Verification of works is being carried out through periodic inspections by (departmental) special teams in all the districts and maintenance/repairs are being undertaken by line departments regularly.

Water Audit: Simplified procedures are adopted to enable local people carry out Water Audit at village level and to take judicious decisions keeping in view the available water resources.

Wells (Ground Water Audit)

- Average draft from each well and number of wells.

- Recharge based on fluctuation noted.

Tanks (Surface Water Audit)

- Water spread based recharge calculation.

- Wet and irrigated dry crop based utilisation.

Green Manure (Cover Crops): 40% to 60% rainfall retained in soil moisture is lost through evaporation and evapo-transpiration in rain fed areas. The Department of Agriculture has prepared an Action Plan covering 84.58 lakh hectares of arable area in the state with seed subsidy, to be covered in next 5 crop seasons starting from 2001-2002 rabi season, with 9 cover crops namely Horse-gram, Pillipesara, Green-gram, Dalicos lab, Red-gram, Black-gram, Sunhemp, Dhaincha and Safflower.

Cost-Effective Structures: Measures have been taken for constructing cost-effective structures through adopting cost-effective and location-specific structural designs as suggested by the Technical Committee and by conducting training and capacity building of officials and stakeholders in all technical aspects. Telugu and English manuals of "Chaturvidha Jalaprakriya" (Four Water Concept) are printed and copies are made available to all panchayats for understanding cost-effective technology for better planning and implementation.

AP Water, Land and Trees Act, 2002

The Act has been passed with the following main objectives:

- To promote water conservation and tree cover;

- To regulate the exploitation and use of ground and surface water for protection and conservation of water sources;

- To prevent disposal of harmful substances on land and in water bodies including ground water to promote green cover and safe environment and matters connected therewith or incidental thereto.

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Awareness Building Measures: Posters depicting the necessity of water harvesting were displayed in 23000 gram panchayats and 110 municipalities during Janmabhoomi gram sabhas.

- Hoardings at key places in metro cities and district headquarters;

- Messages on R.T.C. buses connecting interior villages;

- Newsletter in Telugu and English highlighting the success stories of rain water harvesting;

- Exposure visits and Jala Yatras have also been taken up for user groups in order to replicate successful practices.

Jalachaitanyam: The Water Conservation Mission has been playing a proactive role in the areas of water conservation and management in the state for the past two years and this has resulted in the creation of additional storage capacity all over the state. However, on account of the failure of monsoon for three consecutive years, ground water recharge has not been possible and on account of continued use, water levels have depleted alarmingly. The Government had therefore decided to launch a massive campaign to enhance people's awareness on water conservation and management in all the villages in the state. This programme which was named 'Jalachaitanyam' was conducted from 5th to 14th April, 2003 in all the villages on campaign mode and on every day a specific theme was highlighted for discussions.

Jalamitra Awards: The Government has instituted Jalamitra Awards at State and District level to recognise good work being done in the areas of water conservation and its management. These awards will be presented every year on World Water Day, i.e., on 22nd March. The awards for year 2002 were presented on 22nd March 2003.

AP Water Vision: The purpose of vision development is to address concerns about the future of water resources in the state and to develop a comprehensive overview of the water sector. Stakeholder consultation process has been adopted to develop the water vision by a team of national and international experts. Various departments, institutions and experts related with water resource management have provided inputs for the design of the State's water vision. The vision reflects the opinions of the concerned, not only of the various government departments faced with the daunting task of managing a rapidly depleting scarce resource, but also that of the millions of common rural and urban water users whose daily lives depend on this vital and precious commodity. The shared water vision is supported by water sector overview which reveals the status of water resources in the state today and a strategic framework for action, which identifies the priority initiatives that are required to put the water vision into practice.

Capacity Building: The capacity building programme of the field level functionaries at all levels from associated departments in the districts was taken up by involving the Engineering Staff College of India. This had helped the field functionaries in assisting the user groups in proper execution of works and has resulted in scientific planning and participatory approaches in the execution of Neeru-Meeru works.

Successful Experiments

Some of the innovative experiments taken up under Neeru-Meeru programme in various parts of the State are being popularised, so that replication of this technology is made possible in other parts of the state. The innovations have been cost effective and simpler to execute.

Gully Sunken Pits: Gully sunken pits are low cost, water harvesting structures which can be constructed at a cost of Rs.250 - Rs.800 and are good alternatives for rock fill dams and serve the twin purpose of erosion control in gullys and of increasing the recharge. These pits should be constructed starting from foot of the hill or the end of the steep slopes. At the starting point of gully pits, a mini percolation tank should be constructed. As a result of this the base flow increases and soil erosion in gullys is reduced on account of storage created in gullys and there is reduction in flow velocity. The water conservation mission had undertaken the treatment of gullies through construction of sunken pits, and tree plantation in slopes which in turn allowed deeper percolation of water for ground water recharge and which also checked soil erosion.

Chain of Tanks System in Srikakulam: We have the tradition and wisdom of conserving water by constructing tanks. Now systematic efforts have been made to restore the supply channels emanating from a neighbouring sub-basin and feeding the 'system tanks'. Under this practice, it is not necessary to excavate canals in the streams. However, it is necessary to restore all the tanks in a chain to the required standards. This exercise has been done in Srikakulam and Chittoor districts in an impressive way.

In Srikakulum district, 67 tanks of 18th century A.D. which were neglected for two centuries have been revived with an investment of only Rs.19 lakhs through 12 chains (geddas) under Neeru-Meeru programme during 2001-02. The local villagers have cleared the entire thick jungle growth with 100% shramadanam (voluntary labour) and also removed all encroachments on channels and tank beds and demarcated the boundaries. The revival of chains has restored the total ayacut of 475 hectares and solved drinking water scarcity in the entire area. In addition, the local community is expecting an income of Rs.50,000 per annum through leasing of tank to fishermen and also Rs.20,000 from the coconut plantation taken up on tank bunds.

Chain of Tanks system in Chittoor District: In D.K. Pally Mandal of Kuppam constituency, Chittoor district, a pilot project has been taken up by linking 58 tanks with 31.5 km long canal covering an area of about 22 sq. km catchment under Neeru-Meeru programme during 2001-2002. This has facilitated in stabilising ayacut of 630 acres and also meeting the drinking water requirement of Kuppam town which earlier was experiencing acute water scarcity.

The district administration has proposed 100 such chains covering about 600 tanks under Food for Work programme only in Kuppam constituency which will help the revival of dry lands.

Conversion of Dry Wells to Recharge Wells - The Mahabubnagar Experiment: In places where the water table has gone very deep, the open dug wells have become defunct. The empty space

available in the form of dried-up wells can be utilised for filling run-off water and thereby recharging it into the ground. Under the Neeru - Meeru programme lakhs of dried-up wells in the state have been converted into recharge wells.

The procedure followed for this include diverting farm run-off water from the field by digging a small diversion channel into the silt trap dug near the well. The sump should be about 4 m. from the well with the following dimensions: 1 m. depth, 0.5 m. bottom diameter and 2.5 m. top diameter. The sump will be connected to the well using a pipe of 4 inches diameter so that water from the pipe falls into the water body of the well. An outlet is provided to ensure that excess water comes into the sump, through a bye-pass.

The cost involved in constructing this water harvesting structure is very low, and therefore, large quantity of water can be recharged with a small cost. This method helps the farmer to retain fertile soil and run-off from his own field in his own farm and will sustain the yield of bore wells situated adjacently. Evaporation losses are also less compared to check dam and percolation tank, because water is impounded into the earth directly.

Series of Diversion Weirs (Pick up Anicuts) across River Papagni: The river Papagni starts from the Nandi Hills in Karnataka state and enters Anantapur District of Andhra Pradesh near Verrapalli in Tanakal Mandal and runs for a length of 48 km covering Tanakal and N.P. Kunta Mandals in the

district. The Tanakal Mandal is a backward area and a drought affected Mandal in Anantapur district. Across the river Papagni, a number of temporary oddus (barrier with rocks, etc.) are formed and farmers had been drawing water to their paddy fields. The oddus used to be made with mud and stones across the river. Whenever the river was flooded in the rainy season, the oddus very often gave way at several places which used to affect the ayacut under the oddus. The local people spent more time and energy in restoring the oddus instead of attending to their regular work.

These are costly cement based works, but if the design given is adopted these weirs can be constructed at a cost of about Rs.1.5 lakhs as against Rs.18.58 lakhs. This is a flexible design which does not use cement. Local technology is improved by adopting hydraulic principles such that it may not breach during high floods. Farmers can easily maintain this. Hence, it was proposed to construct seven diversion weirs across the river Papagni in between Yerrapalli and C.G. Projects on a permanent basis in Tanakal Mandal to bring in an ayacut of 625 acres. Now, all the diversion weirs are constructed in time and kept ready for drawing water in the coming rainy season. The villagers of 8 villages are extremely happy and they get assured water to 625 acres and this will have a positive impact on the socio-economic condition of the people in the eight villages. Similarly, structures of this type (which have been described under various names as Pickup Anicuts, Diversion Weirs, Kanjus, Groynes, etc.)

have been constructed on Pennar, Kuthaleru, Vangaperu, Chitravathi, and Pandameru rivers. These are very cost effective structures compared to check dams or minor and medium irrigation projects. This experiment can be emulated elsewhere also where structures of this type are feasible. So far in Anantapur district 29 diversion weirs have been constructed and 29 supply channels have been executed and thereby 6380 hectares of additional ayacut have been brought under cultivation.

Sub surface dykes: Sub surface dam is a useful structure for storing ground water by creating a sanctuary on the upstream side, thereby preventing its draining to the downstream side. The sub surface dam is to be constructed up to the impervious zone of clay or hard sheet rock. The dam will have to be extended on the flank for sufficient length to ensure that the ground water may not outflow the structure and flow towards the downstream side. This acts as a cut-off wall buried in the river bed. The clay wall should be covered on all sides with HDPE film. In reviving the Swarnamukhi river in Chittoor district a number of such structures were taken up.

Mini Percolation Tank (MPT): MPT construction close to the ridges, across the first order streams, does not require key trenches or a cut of walls for the earthen bund which is formed by soil obtained from burrow pits within the submergence area. The spilling arrangement can be provided with low cost rough stone paved by wash. The average cost per such structure should not exceed Rs.8000 /-.

Thousands of Mini Percolation Tanks were constructed in Medak, Mahbubnagar, Nalgonda, and Chittoor districts. This is a highly cost effective structure. Even with one good rain the recharge was found to be very good. Farmers in Medak district said that when this, along with other works, was implemented, water resources were available during the dry season in spite of the year 2002 being the drought year (36% annual rainfall).

Medak: Sprinkler Irrigation: Efficient water use is possible by using drip and sprinkler methods for irrigation. More than 50% water can be saved compared to flood irrigation and productivity of crop is better. This automatically discourages paddy cultivation. In Chinna Kodur mandal of Medak district, sprinkler sets with 100% bank assistance were provided to 1250 farmers covering an extent of 4000 acres. This was possible through proper planning, training and exposure visits for the farmers and involving banks in all aspects. The successful farmers in Metpalle and Machapur villages shared their experiences with farmers of other villages. The entire process was facilitated successfully by DPAP, Medak.

Pebble Bunding: The innovative method of pebble bunding seems to be a solution to the problems of farmers in the backward Anantapur district. As if drought is not enough, the farms in many parts of Anantapur district, particularly in the mandals of Kudair, Kalyandurg and Atmakur, are strewn with pebbles posing multiple problems to the farmers. Pebble-strewn fields require hard labour at various stages of cultivation like ploughing, sowing and weeding. The lands with 3 to

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4% slope filled with pebbles result in high rain water runoff and soil erosion. As removing of pebbles is a tedious job, farmers have to engage more labour at a higher cost. Besides, the cattle working in the fields face untold miseries. So much so that the farmers have to change their cattle every couple of years, adding a further burden due to low crop yield. The district authorities, in close coordination with NGOs like Rayalseema Development Trust, have found an easy answer to this nagging problem. Pebbles were swept and were moved in a bullock cart and formed into bunds. Bunds are covered with soil and grass sown. It is a labour-oriented activity with total wage component providing employment for agriculture labour. Farmers use or share their bullocks and carts to a place where bund is formed. The Project Director observes that pebble bunding is a demand driven, soil and moisture conservation activity being taken up under watershed development programme in the district. Quoting the benefits of such an innovation, a farmer of Seboi village, Mr K. S. Reddy says that he had done pebble bunding in his five-acre land as suggested by Water Shed Development Team engaging 20 workers every day for ten days last year. He and his wife also joined in removing pebbles and forming two bunds along the gullies on the farm. Out of Rs.6300 he had spent, his contribution was Rs.500 and the results were very encouraging. On account of bunding, Mr. Reddy proudly claims that there was reduction in soil erosion and increase in ground water level. The labour requirement was reduced by 50% and the yield had gone up by three to four bags as a result of better and early plant sprout. Above all, Mr. Reddy adds, "Agriculture activity is no longer a painful exercise for humans and as well as livestock."

Water Harvesting in Urban Areas: The gap between demand and supply of urban water requirement is increasing every year. Migration to urban areas and changed lifestyles have augmented the demand for water. The natural availability of water is itself insufficient to meet this demand. The situation has further worsened due to reduction in supply. The reduction in supply is the immediate result of loss in recharge areas and destruction of natural water bodies.

Almost continuous covering of earth's surface by roads, cemented pavements and buildings have drastically reduced the surface recharge area for water. Rain water, which should have normally percolated otherwise to recharge the ground aquifer, now flows over the roads and nala-s causing flood-like situations even during brief showers. Similarly, traditional water bodies in urban areas have been largely encroached upon or have become dumping grounds for both solid and other wastes. This has caused silting of beds of water bodies which reduces the percolation of water to ground aquifer. This also results in reduction of water storage capacity and water recharge capacity of water bodies. This surplus water again causes flood-like situations even with the briefest rains in urban areas.

We must appreciate that water recharge is the responsibility of each one of us and even small contributions by families for recharging the ground water will solve this acute problem. Each building must have measures to harvest the entire rain water falling on its area. The rain water falling on the rooftops and open areas can be directed through pipes and drains to pits, trenches especially dug for water harvesting. Rain water can also be directed to open dried wells and can also be injected to the ground the way we extract the water from the ground. Flooding and water logging during monsoon and water scarcity during the rest of the year clearly indicate that the issue is not water scarcity, but the management of water.

The Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) has set up an ambitious plan of taking up several water harvesting measures in the twin cities of Hyderabad and Secunderabad and its vicinity through active involvement of people during the next one year to improve the ground water level.

The water harvesting measures include constructing a recharge pit, or a mini treatment unit, planting a sapling or any other action that would improve water recharge and green cover which ultimately increase the ground water levels. To achieve this ambitious task, expansion of green cover, which ultimately increases the ground water levels, is to be encouraged. Towards this end, the Board has embarked upon a comprehensive motivational and awareness strategy in the twin cities. "There is need to motivate and involve different stakeholders so that they can own the rain water harvesting programme voluntarily." The motivational strategy, at length, has plans to sensitise different opinion makers like ex-servicemen, retired officials, CMEY and DWACUA groups and NGOs. The groups would be sensitised on motivational aspects and techniques of various water harvesting structures. He said that the trained groups would in turn reach out to communities and motivate the people highlighting the importance of rain water harvesting and its benefits. As part of the strategy, the Board has recently created "water soldiers" by sensitising ex-servicemen. The board aims at covering 25% of the 7 lakh houses with one or other type of water harvesting method by the end of the year.

Impact of the Practice

On Ground Water Levels: The Ground Water department has conducted impact analysis studies of works taken up under Neeru-Meeru on ground water levels and found that:

In spite of deficit rainfall of 9%, the depth of water level at the end of May 2002 was 10.50 m. as against 12.01 m. at the end of May 2001, i.e., a net rise of 1.51 m. was recorded in the state between May 2001 and May 2002.

Due to deficit rainfall of about 35% (Normal rainfall 940 mm. against which 612 mm. rainfall received) the depth of water level at the end of May 2003 was 13.59 m. as against 10.50 m. at the end of May 2002, i.e., a net fall of 3.09 m. was recorded in the state between May 2002 and May 2003, which was due to long dry spell in the state and over exploitation of ground water.

Water year	Rainfall (in mm.)	Average depth (in mts.)		Fluctuation (Rise/fall)
		May	May	
1998-1999	1128	10.86	9.87	0.99
1999-2000	722	9.87	12.27	-2.4
2000-2001	927	12.27	11.73	0.54
2001-2002	845	11.73	10.50	1.23
2002-2003	612	10.50	13.59	-3.09

On Ground Water Recharge: In the six phases of Neeru-Meeru (01-05-2000 to 31-05-2003), an additional filling space of 12,977 lcm. has been created. This has the potential of 46 tmc ground water recharge under normal rainfall conditions for the year 2002-2003.

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On Drinking Water Scarcity

Seasonal/Dried-up bore wells

May 2000	May 2001	May 2002
17952	12663	4111

Drinking water transportation habitations

May 2000	May 2001	May 2002
1083	817	537

Seasonal bore wells (dried-up bore wells, hand pumps) reduced from 12663 to 4111 between May 2001 to May 2002 and drinking water transportation habitations reduced from 817 to 537 between May 2001 to May 2002.

Seasonal bore wells (dried up bore wells, hand pumps) increased from 4111 to 21070 between May 2002 to May 2003 and drinking water transportation habitations increased from 537 to 1469 between May 2002 and May 2003 which was due to long dry spell in the state and over exploitation of ground water.

Irrigation and Productivity Enhancement: Additional areas are brought under cultivation through silt application and Soil and Moisture Conservation measures. The productivity of degraded lands has improved through silt application. Irrigated areas under bore wells were stabilised through water conservation measures and through rejuvenation of dried up wells and bore wells. Effective water utilisation was ensured through various drip and sprinkler irrigation methods

Vegetation Improvement: Large scale Soil and Moisture Conservation works taken up in forest areas and barren hillocks are helping in promoting natural regeneration from viable rootstock.

Encroachment prevention was ensured by demarcation of forest boundaries by CCT and tank foreshore areas and supplementing the areas by artificial regeneration methods like tree planting and seed dibbling.

Promoting horticulture in drought prone areas: The detailed impact studies are in progress taking one sample mandal in each district. This will reveal the two seasons' cumulative impact of the Neeru-Meeru programme in quantitative as well as qualitative terms. Successful individual experiments/studies reveal that cost effectiveness is as important a fact as site specific treatment under Neeru-Meeru programme.

Though the government is attempting to estimate the impact of Neeru-Meeru based on ground water levels and drinking water scarcity status, there is a need for evolving scientific impact assessment procedures for evaluation of the impact of Neeru-Meeru works using Remote Sensing, GIS applications and scientific performance indicators for the evaluation of completed water conservation works.

4. Vana Samrakshana Samithies (VSS) and Forest Cover

Situation before the Initiative

The National Forest Policy of 1998, Government of India, lays down the guiding principles for Forest Management in India. In consonance with this National Policy, the Government of Andhra Pradesh issued a State Forest Policy in 1993 vide G.O. Ms. No. 237 EFS&T Department, dated 26.11.1993. This forest policy of the State, while identifying the immediate concerns of the forestry sector in the State, also laid down broad guidelines for future management perspectives by encouraging participation of local village communities in forest management through Joint Forest Management (JFM) in August 1992, organising them into Vana Samrakshana Samithies (VSS). Until 1995, the fate of the State forests appeared to be the same as that of other regions of the country and the developing world. The decrease in forest cover between 1993 and 1995 alone was 147 sq. km. The State has put its political will behind the Vana Samrakshana Samithies, an extension of JFM or Community Forest Management in 1995 and has undertaken drives to create awareness about the importance of planting trees, encouraged social forestry, and improved the network of nursery distribution.

The focal theme of Vision 2020 on the State forest sector also lays emphasis on sustainable management of forest resources through participatory approaches, with emphasis on the protection and regeneration of forests and forestland to ensure a green and healthy Andhra Pradesh for future generations.

With a high demand for timber and other forest products, forests were prone to illicit felling and smuggling, encroachment of the forest areas, land degradation through 'podu' (the traditional cultivation by tribals), and unsustainable agriculture leading to poverty and increasing demand for land again for further cultivation.

Description of the Initiative

Forests in Andhra Pradesh extend over an area of 63,818 sq. km., making up nearly 23% of the State's geographical area.

JFM is a concept wherein all the forest-dependent villagers of a given village or its hamlet/s organise themselves into a cohesive group (Vana Samrakshana Samithies or VSS) with the objectives of protecting, regenerating and managing State owned forests in the vicinity of their village or hamlet/s. It is a democratic concept that promotes citizens' interests as revealed in the phrase, "to care for the forests and share from the profits."

From each of the households in the villages there can be a maximum of two members out of whom one shall be female. All the households of Scheduled Castes and Scheduled Tribes automatically become members. This is to ensure that in heterogeneous villages, they are not left out. These VSSs do not get any right over the forest land, but the State has shared its mandate of protection, regeneration and management of forest resources to the stewardship of these VSSs and has virtually parted with the revenue that it would have realised from such forests. Initially, there was a lot of skepticism among the foresters about the effectiveness of this strategy as a solution for protection problems. This

type of approach for managing forests was also new to the people. Hence, a lot of effort was needed to convince people about the assurances of the Government on the returns promised to the people, if they took up Joint Forest Management. With the passage of time, both the local people as well as the forest officials could see the visual impact of JFM in rejuvenating degraded forests, and the concept gained more acceptance. The success stories spread from one village to another. What started as a small programme has today attained gigantic proportions with more and more forest fringe villages being involved in joint management of forests.

All the forest fringe villages have been organised into Vana Samrakshana Samithies for implementation of Community Forest Management programme for rehabilitation and development of degraded forests. The funds from various sources like World Bank aided Andhra Pradesh Forestry Project, EAS and other schemes including Centrally Sponsored Schemes are being utilised for implementation of JFM.

Results achieved
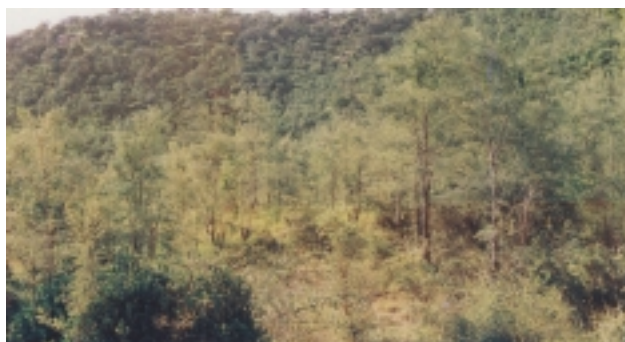
The experience of involving local villagers in protection and management has had salutary effects and there is appreciable improvement in the quality of forests managed through JFM. The State government has taken the initiative of supplying LPG connections to all Self-Help Groups, including VSS through its Deepam Scheme. It is for the first time that involvement of communities in resource management programmes of the government has become a focal activity. The most positive feature of JFM is that in all the VSS areas, it appears to be the most actively implemented government programme at the village level. No other government department has built up this kind of community institutional structure where there is a people's committee and a joint account for fund management.

The State has finally broken the world trend in forest degradation and registered a substantial growth of 1,347 sq. km. in green cover between 1997 and 2001. Andhra Pradesh is now the leading reforestation force in the country. Tree cover outside the forest area has increased by 9,011 sq. km. or 3.28% of the total geographical area of the State during the same period. Maharashtra occupies the second position with 8,269 sq. km. increase in tree cover outside the forest area and Madhya Pradesh occupies the third with a rise of 7,545 sq. km. From a mere 200 Vana Samrakshana Samithies in 1995, today we have 7090 VSS in the State managing 17.41 lakh hectares equivalent to 27.29% of State's forest area.

As per an independent evaluation made in 2000, due to the Joint Forestry Programme, natural regeneration of red sanders increased by 270% (with 82% incremental height growth), dense forest cover increased by an average of 19%, open forest grew by 26%, natural regeneration increased by

60%, forest fires came down by 72%, and grazing reduced by 57% in the areas under VSS protection. There are 7090 VSS in the State actively involved in the protection and development of the forest. These VSS are managing 17.41 lakh hectares of forest area brought under them and so far 8.18 lakh hectares area has been treated. A total of 13.06 lakh individuals are involved, out of which 2.40 lakh individuals belong to SC and 4.15 lakh individuals to ST communities. With the implementation of the programme and with the active and keen interest taken by the VSS in protection and management, forests have improved significantly. The natural regeneration has considerably improved. Encroachment of forest areas has almost completely stopped.

Andhra Pradesh has had the highest growth in forest cover in the country as revealed during the last two forest surveys in India:

Increase 1997-1999	939 Sq Kms
Increase 1999-2001	408 Sq Kms
Total Increase 1997-2001	1,347 Sq Kms

An important achievement of the programme in this region is the settlement of a village like Vankachinta (a village in the reserved forest) by recognising it under JFM and solving the conflict between the Department and the people. This is a good example of how most of the conflicts between people and the Government could be amicably solved even while protecting the forests.

Wage rates have also increased in some areas after JFM and daily wage earners have a better income now. There is a stable flow of income through wage labour which has helped the people not only in food security but also in purchasing assets like livestock, repairing houses, agricultural implements, etc.

Lessons Learnt

Learning from the experience of JFM, forest management will now be on the lines of Community Forest Management (CFM). While JFM was more a partnership between the forest dependent communities and GoAP, CFM will be more of a democratic process through delegation of decision-making processes and aims at decentralising the entire process of planning and implementation with APFD and GoAP acting more as facilitators and providers of technical and infrastructure support.

The significant features of Community Forest Management in Andhra Pradesh are:

- There is greater autonomy to the VSS than what the villagers enjoyed through JFM;

- The Managing Committees of the VSS will be manned exclusively by the VSS members;

- All the official nominees like the Forest Section Officer, Forest Beat Officer, Officers of Revenue and Panchayat Raj Department at Village level, School Teacher of the Village, NGOs, etc., form an Advisory Committee and play a crucial role of facilitating various activities of planning, monitoring and evaluation at VSS level;

- The other striking advancement in CFM is the enhanced effort to address gender issues. In each VSS, in addition to Chairperson, there is a Vice Chairperson and a woman member will be elected to either post;

- In addition to this initiative, the representation of women in the Managing Committee has been enhanced to 50% from 30% that existed during JFM phase;

- Further, in all the Committees constituted in the Government Order for ensuring inter-sectoral coordination, adequate representation for women has been ensured;

- The Managing Committee, in consultation with the General Body of the VSS, shall evolve a methodology on all issues relating to membership, conflict resolution, encroachments, customary rights, and benefit sharing;

- It is the responsibility of the Managing Committee to account for and manage the funds received from the Government, other sources and the funds internally generated.

Given the progress made by this scheme, the State's Chief Principal Conservator of Forests believes that poverty can be eradicated to a large extent in the local communities through sustainable management of the forests.

Towards this end, women's thrift societies have received encouragement to some extent through matching grants, loans, training in vocational/value-addition activities like making leaf plates, tamarind processing, tailoring, etc. Tribal women are successfully using the loans given to their societies by lending to their members. One village, Gonduru, in Paderu mandal, has been using the loan for value-addition and marketing of tamarind, hill-brooms, etc. Some of them have learnt to face the officials confidently and discuss their problems without inhibition. Gonduru village had the privilege of a visit from the Chief Minister himself where the women openly expressed the problems of marketing NTFP.

Sustainability

CFM is an approach for forest development through democratised participatory approach by empowering forest dependent local communities. It balances the local needs with external and environmental needs through increased productivity of forest resources, reduced dependence on forests through substitution of demand and alternate livelihood opportunities, upgradation of living standards and above all, inculcating a sense of ownership and pride among the forest dependent communities engaged in CFM.

The achievements under the Community Forest Management programme need to be sustained. The government is conscious about the sustainability of the programme and has accordingly taken many progressive steps in this direction. The strategies for sustaining the CFM programme are:

- Sustained efforts on the part of the Department and the people for consolidating and strengthening the JFM programme;

- Providing employment opportunities in VSS areas for alternative livelihood systems for VSS members;

- Sustained quantum of benefit sharing for enlisting continued support and participation of the people in conservation, protection and management of forests;

- Augmenting conservation of water and water resources by taking up extensive Soil and Moisture Conservation works and water harvesting structures thus resulting in better agricultural production through Neeru-Meeru (Water and You) programme;

- Encouraging individual and group income generation activities by the VSS members to augment their income levels;

- Encouraging value addition, processing, better storage practices and establishing trade linkages for NAFTA to increase revenue for VSS;

- Taking up intensive cultivation of high yielding, short gestation, short rotation Non-Timber Forest Product (NTFP) species;

- Taking up cultivation, processing, value addition and trading of medicinal plants;

- Providing alternative sources of energy like smokeless chullahs and biogas plants for conserving firewood. Reduced fuel demand will ensure that the time taken by women for collection of fuel is reduced and this time can be utilised for better productive use. This will reduce the dependence on forests for employment and livelihood;

- Providing incentives in the form of shares from the Compounding Fees collected from the forest offences detected and booked with the help of the VSS members;

- Creation of self revolving fund with the VSS from the income generated from the usufruct sharing for carrying out forestry and community development activities;

- Creation of thrift groups for the women members to encourage saving and providing income-generating activities to make the women members economically self reliant.

The department has the advantage of being a technical department and is best suited to train people in plantation and management. Hence, plantation works taken up with people by the department show better results than by other departments which do not have the same technical expertise.

Transferability

Evaluation of the impact of the VSS is being done through internal as well as external sources. M/s Om Consultants, Bangalore was entrusted with the job of evaluation of impact of the JFM. The study was conducted through selection of 6% of VSS constituted before March, 1998. The main findings of the study are as follows:

- Voluntary reduction in the Podu cultivation (Shifting Cultivation);

- Paid labourers who earlier engaged in illegal timber felling and fuel wood collection left such activities without much regret as there was creation of wage employment due to increased investment in the forestry sector;

- In 59% of the VSS sampled, a declining trend in dependency of forests was noticed;

- Reduction in urban migration due to increased employment opportunities provided by the forest department;

- Development of good quality leadership among VSS members;

- In tribal areas as much 102 man days of employment per family has been generated through JFM works;

- Participation of women in VSS activities is on increase;

- Presence of women coordinator facilitates women's participation and competent and established NGO facilitates the JFM programme;

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- For more than 80% of the VSS there has been improvement in the protection and regeneration status;

- A decline in the grazing pattern has been noticed in 66% of VSS;

- Fire control has improved in 98% of VSS.

The World Bank in its Implementation Completion Report of A. P. Forestry Project rated the project highly satisfactory. They have made the following observations on the Implementation and Impact of JFM Programme in AP:

Increasing Forest Productivity and Quality: Through a system of JFM, sponsored by the project, 849,000 hectares have been brought under improved management and protection, of which 335,500 hectares have been treated to improve productivity. Teak plantations have been successfully established and there is a 270% increase in natural regeneration of red sanders with 82% incremental height growth. At the same time, substantial areas of fast growing plantations, using clonal planting material, have been established by both FDC and APFD. These plantations have a yield potential of an average of 200.000 m3 of wood per year. Further, large areas of private and group farm plantings have also been added to the forest resource base.

Alleviating Rural Poverty: A total of 251,600 households have been included in VSS, of which approximately 124,000 families are from scheduled tribes and other weaker sections of the rural communities adjacent to forests. These groups have benefited materially from the Tribal Development Plan.

Empowerment of Forest Fringe Dwellers: With the formation of VSS there has been a sense of empowerment brought on by mutual interests and cohesion. This has led to additional benefits, such as village power and water supplies being sought on a communal basis with the assistance of AP Forest Department or NGOs.

Benefits to Tribals and Rural Poor: The project went beyond assistance to tribals under the Tribal Development Plan Sub-Component. The project included villages outside Tribal Sub-Plan Areas where at least 15% of the population were from Scheduled Tribes, thus ensuring that other disadvantaged forest fringe dwellers would also receive benefits. Migration to urban centres has been reduced by 70% and general village and family livelihoods have improved within JFM areas. In addition, the

Soil and Moisture Conservation measures introduced through the project have already improved reliability and quantity of well water and have increased the potential for crop irrigation.

Regeneration and Rehabilitation through JFM: Initial achievements in JFM were slow in coming. The whole approach required a considerable change in attitude by the APFD staff that had previously been in conflict with forest fringe dwellers over illegal encroachment and sale of forest products. Considerable time was required to create trust between the staff and the forest fringe dwellers and, as a result, targets set for the first two years were over-ambitious. However, rapid progress was subsequently made and the project executed Semi Annual Report (SAR) targets. Micro plans were developed for management and protection of the individual forest areas under the VSS, with baseline surveys accompanying these plans. Forest productivity restoration has been undertaken over 335,500 hectares including areas of clonal eucalyptus and bamboo woodlots, with yields that are likely to exceed what was originally expected in the SAR. At this point, the APFD has recognised that it will be important to review and revise the silvicultural and management prescriptions for natural forests, including the cost effective use of enrichment planting. The need has also been recognised to link management prescriptions to potential market demands. Micro-planning options would then take note of these prescriptions. A total of 1560 VSS have benefited under Tribal Development Plans, which have provided for increased agricultural productivity and additional income generating enterprises. The project supported JFM in 2666 villages but it was scaled up, replicated and extended to 3550 more villages out of non-project funds.

Women are major beneficiaries of JFM: Women form an important part of the paid forest work force and played a key role in VSS decision making. The women's thrift groups formed through the project have provided unprecedented financial independence, particularly from money lenders.

JFM has the great potential for poverty alleviation. The project has already shown that JFM can provide increased income to poor, forest fringe dwellers, particularly tribal minorities, through direct payments for forestry work, sustainable income from usufructuary rights to enhanced production of forest products, and improved agricultural production resulting from improved ground water regimes.

The empowerment generated through the VSS has also provided additional material benefits. Government institutional and political support is crucial for continuing the success of participatory forest management. The political support at the highest level has translated into support from both institutions and politicians at the local level. This, in turn, has facilitated all aspects of project implementation and in particular the effective implementation of JFM. Transparency as to the aims and modalities of JFM has been counted in building up trust and confidence. The NGO community has also played an effective and active role as trained facilitators for JFM, working jointly with AP Forest Department field staff.

Development works like community halls, check dams, drinking water structures, roads, etc., which were taken up under JFM are good examples of well-built structures with optimal utilisation of time and resources. This system of people's involvement in construction could be good models to be emulated by other departments like the Engineering and Integrated Tribal Development Agency (ITDA). It also goes to show that where there is earnest participation from the people and the government it is possible to have fruitful results.

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5. Participatory Identification of Poor

Situation before the practice

Across the country, the list of poor under the Below Poverty Line (BPL) has been prepared by external enumerators, unaware of realities of the individual villages. As a result of this, often the real poor and the poorest do not find their names in the BPL list. At the same time, the not-so-poor find their names in the list. The survey methodology collection does not involve community participation. Since, the BPL Household list is prepared by external enumerators and the process of preparing such a list is not transparent and does not involve the community, doubts are expressed about the authenticity of the list.

In addition to this, poverty is a multiple dimensional phenomenon. This is manifested in various forms like inability to access basic necessities, lack of control over their local resources, lack of education or skills, illness, malnutrition, lack of shelter, having to face social discrimination like untouchability, etc. The list prepared under the BPL Survey identifies the poor based on only economic indicators. The other dimensions of poverty are ignored when identifying the poor. The indicators for categorising households are predetermined in the BPL survey.

Further, the BPL household list classifies the community into only two categories - poor and non-poor. Whereas, it has been observed that further classification of the households is justified, like poorest of the poor (POP), poor, non-poor (middle class), non-poor (rich) among poor, and their abilities, livelihoods, and needs and support required to push them out of poverty are different. To implement government initiatives for alleviating poverty effectively and to address the priority needs of the poor such detailed classification helps in the consensus of the whole village in identifying and owning the poor in the village.

Details of PIP

The participatory identification of poor (PIP) is a transparent process and the community is involved at all stages in identifying the poorest of the poor and poor as well as non-poor in their village. Participatory tools like Social Map, Vulnerability Analysis and Well-Being Analysis are used. BPL survey is also taken up simultaneously to ensure integrity of data collected through quantitative and qualitative methodologies. The indicators for categorising the households are developed by the community in an open and transparent manner. On the basis of this, the households are categorised by the communities themselves.

The participatory methodologies ensure transparency and involvement of community, especially of the poor. Poorest of the Poor (POP) and poor will not be missed out in the people's list and the gaps in surveys conducted through enumerators can be avoided. In addition to this, several other reports can also be generated from PIP.

Methodology followed for PIP exercises

- The whole process was undertaken in an open public place involving all sections of the society in the village. The participatory tools/methodologies like social mapping and well-being analysis

are used in the habitations to identify the level of economic and social vulnerability of the households in a habitation.

- In the well-being analysis, the community was facilitated to identify common indicators for categorising the various economic classes in the village/habitation as poorest of the poor (POP), poor and non-poor (Middle and Rich class).

- BPL Survey was conducted simultaneously.

- Triangulation (cross-checking) of BPL and PIP was done to compare the score points recorded for a particular households with the PIP categorisation done by the community for that Household. This helped in bringing out a single list of POP, poor and non-poor for each village/habitation. This data for each household was further matched with the Social Security Index No. (SSIN) given earlier as per the Multipurpose Household Survey.

- The final categorisation of the households is validated by a discussion in the Grama Sabha and approval of Grama Panchayat through a formal resolution.

Scale of PIP Exercises

PIP is under process across the State in:

- No. of Habitations — 25,000
- No. of Habitations Completed — 23,000
- No. of Mandals — 739
- No. of Districts — 16
- No. of District Resource Persons — 120
- No. of Mandal Resource Persons — 6760
- No. of Community Coordinators — 1600
- It is completed in about 90% habitations

Activities undertaken relating to Participatory Identification of Poor

1. Activities at State Level

- A workshop was conducted during December 13-14, 2002 in which the Project Directors of Velugu and DRDA participated and discussed the issues/processes involved in identification of target poor through BPL Survey and participatory methods. It was decided then that participatory methodologies were best for identifying the target poor and for conducting the BPL processes simultaneously.

- Additionally, as per Government of India's instructions, BPL Survey was due to be conducted in the state during the same time and it was decided to combine the BPL Survey along with the PIP exercises in the villages/habitations.

- 7-day training programmes were conducted for District Resource Persons (DRPs) for 8-10 persons per district, including Velugu district staff, NGO representatives and one DRDA official. Totally

120 DRPs were trained in Hyderabad with the support of Action Aid, an internationally reputed NGO.

- An Operational Manual on PIP was developed, printed and supplied to districts to be used in training of grassroots functionaries, Community Coordinators (CCs) and Mandal Resource Persons (MRPs) and to support them in conducting the PIP in the habitations.

- A training film on PIP titled *"Mana Vuri Pedalu... Mana Nirnayam" (Our Village Poor ... Our Decision)* was produced and CDs of the same were sent to districts. This film gives a comprehensive understanding on the entire process to be followed for conducting/facilitating PIP in the villages.

- Once the PIP exercises were underway in each district, the State Team visited all the districts and sample habitations where the PIP exercises were underway to guide and monitor the processes in the field.

- Appropriate software was developed to capture the data relating to the PIP and BPL data collected in the field. Compatibility with the Multi Purpose Household Survey (MPHS) data and Janmabhoomi data already available was built into the application package. This ensures future updating of the MPHS data.

- Wealth ranking of the households was done through a computer programme by giving weightages to the economic and social vulnerabilities where more than one household obtains the same BPL score - weightages are applied along with filters (caste, number of family members and age of the head of the family) to rank the households in the habitation.

- Computerisation of data collected is underway in the districts. Habitation-wise Poverty Document will be hosted on the AP Online Website so that anyone can have access to the data.

2. District Level Activities

- The DRPs trained at the State level conducted PIP exercise in 2 pilot villages in every district to have a sense of the exercise and to share the outputs in the district/mandal level workshops.

- District Collectors held workshops in which the public representatives, line department officials and NGOs participated. This workshop aimed to sensitise them on PIP processes and build the required environment for conducting the PIP exercises in the habitations.

- 5-day training programmes on the PIP processes to be followed were given to 10 to 15 Mandal Resource Persons (MRPs) identified in consultation with Mandal Development Officers (MDOs), Mandal Revenue Officers (MROs) and Non Government Organisations (NGOs) of the district and were trained to support the Velugu project staff in conducting the PIP exercises.

- Action plans were developed to train MRPs and take up PIP in all villages of Velugu by constituting 3 to 4 teams per mandal. The concerned Community Coordinator led the team in conducting PIP exercises in his cluster of villages.

- District Poverty Document with habitation/village-, panchayat-, and mandal-wise list of poorest of the poor, poor and non-poor was prepared after computerising the data.

3. Mandal Level Activities

- At the Mandal level, workshops were held with the public representatives - MRO, MDO, and NGOs. Sequencing of villages/habitations for conducting PIP exercises was decided in consultation with these stakeholders.

- A detailed schedule of PIP work was prepared and communicated to the Gram Panchayats requesting them to facilitate conducting of PIP in their villages/habitations. The GPs were also requested to ratify the list of poorest of poor and poor identified in their habitation at the end of the exercise.

4. Village/Habitation Level Activities

The 5-member Resource Team led by CC stayed for about 2-3 days in each habitation in the Project Mandal and conducted the PIP exercise. The processes included the following steps:

- Informal meetings with the community;

- Appraising the process to the important leaders in the village;

- Social Map done in an open public place involving the community;

- Vulnerability Analysis on the basis of social mapping;

- Well-Being Analysis with community identifying the indicators;

- Filling up BPL survey forms;

- Internal review of PIP and BPL data collected;

- Grama Sabha for reconfirmation and triangulation of data collected for uniform list of BPL families;

- Final categorisation of the HHs validated by a GP Resolution;

- Extensive documentation of the whole process.

Situation after the PIP

It is a fact that the list of poor in each village, prepared through this transparent and participatory process, was very accurate and comprehensive. The list has also taken into account economic as well as other social dimensions of poverty, as experienced by the community. It is noticed that there has been some correlation between the economic indicators of BPL survey with the indicators identified by the community for categorising households.

This comprehensive list further ranks the poor into different layers of poverty. Instead of classifying community into poor and non- poor, it ranks them as poorest of poor, poor, not so poor and non-poor. The compilation of data is under process. Preliminary results show the following figures: poorest of poor (17.99%), poor (29.82%), not so poor (31.42%) and non-poor (16.17%). The exact picture will emerge once computerisation is completed.

Since it is prepared by the community with active involvement of all the key stakeholders and approved by Gram Sabha, no dispute over the list has been observed so far. In fact, the community and others have owned the list.

The entire process was completed in a record time of 6 months with the help of less than 8,500 resource persons.

Outstanding achievements

- This is the largest exercise of its kind in the country, perhaps in the world, where participatory identification of poor is conducted in more than 40,000 habitations involving about 28,000 Gram Panchayats and 864 mandals in 22 districts simultaneously.

- An exercise of this scale was accomplished in 6 months with the deployment of only 120 District Resource Persons, 6760 Mandal Resource Persons and 1600 Community Coordinators.

- For the first time in the world, complete transparency was maintained in preparing the list of poor by involving all the key stakeholders without compromising on the quality of data. To ensure this, the list of the poor in each village was prepared by the community, based on their own poverty criteria for classification of families into poorest of poor, poor and non poor, with active involvement of Sarpanches, Mandal Presidents, Zilla Parishad representatives, other PRIs, line departments as well as Ministers and MLAs. This was further approved by the Gram Sabha.

- The entire process has produced an accurate list of the poor. Incidentally, the process has helped increase the rapport between community and community coordinators for identifying and prioritising the specific needs of the poor that need to be addressed for their poverty reduction. Subsequent community-driven sub-projects for the poor have become better targeted to the poor and the poorest of the poor.

Impacts of PIP

Inclusion of names of all the poor families in the list of poor, through this kind of transparent and participatory process, has been helpful in creating the belief in poor that benefits of all the government initiatives would reach them.

Based on the widespread acceptance of the process, Government of AP has decided to dovetail all the anti-poverty programmes and welfare schemes as per the poverty ranking in the village. Further, the exercise is now universalised in all the other mandals in rural Andhra Pradesh and urban Mandals.

Why PIP is considered as best practice?

It enables:

- Habitation-wise wealth/poverty ranking of each and every household;
- Participation of the entire community in identifying the poor among them;
- Ownership of the identified poor and hence less demand for inclusion of non-poor in the list;
- Capturing of multi-dimensions of poverty; and
- Systematic and accurate targeting of poor for anti-poverty and welfare programmes.

Building on this tremendous experience of Participatory Identification of Poor in rural Andhra Pradesh, the Government proposes to take up similar participatory process in urban areas.

6. Poverty Eradication Initiatives in Andhra Pradesh

Situation before the Practice

Before the participatory livelihoods assessment tools (Livelihoods Enhancement Action Plan) employed by SERP in the implementation of the Velugu project were introduced, the loans/grants and other benefits provided by the Governments and its agencies under the various development programs to the poor, were more top-down in nature. The list of beneficiaries was drawn up by the officials, with little or no participation of the potential beneficiary, both in terms of deciding the activity, the amount and its implementation. The flexibility was very limited, and the beneficiaries had to accept what was being offered.

Details of the Practice

Preparation of the Village Livelihoods Enhancement Action Plan (LEAP) is the core process that Velugu is adopting. From LEAP, the Community Investment Fund Sub-project (CIFSP) ideas evolve/ emerge with the total involvement and accord of the community. In the entire process, the community plays a critical role and the Community Coordinators (CCs) or/and Livelihood Associates (LAs) facilitate the community in grasping the aims and objectives of the project and in coming up with CIF Sub-project ideas, which would either plug the leakages of the existing livelihoods or generate new livelihood opportunities to the poor. This is not a project, which merely focus on 'what do you want', but on 'what is profitable, equitable and sustainable'. Since the poor are central to the project and decide and propose what they wish to have for their sustainable livelihoods, the projects evolved from the LEAP processes are called 'People's Projects'.

In the LEAP processes, the following aspects are involved:

- Existing social conditions by social maps

- Available resources by resource map

- Income and Expenditure patterns

- Traded-in and Traded-out

- Analysis of existing and possible alternative livelihoods

- Analysis of value chains of existing livelihoods, identification of gaps and constraints for possible interventions and best practices

- Analysis of local opportunities

- Analysis of (Village) Farming System

- Evolution of CIF Sub-project ideas

The first step in the LEAP process is general discussion with the community about the existing socio-economic and physical environment of a village. For deeper understanding of the available assets and resources of the community, PRA techniques such as social map and resource map are used.

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Social Map

Social map provides the following information: total population (women and men ratio), total number of families, the social composition (caste groups) of a village, housing pattern of various castes, types of houses, number of different livestock, migrated population, number of single women and old age pension holders in a village. It also provides information about the formal and informal institutions such as school, primary health centre, veterinary hospital, panchayati office, DWCRA groups, watershed societies, caste-based organisations, Vana Samarakshana Samithies (forest protection committees), water users' associations, etc.

CIFSP ideas: Social mapping should be done with an eye to facilitate the community to come up with some CIFSP ideas, such as imparting skills to migrant labour, promotion of dairy and livestock, infrastructure development, measures to provide security to single and old-aged women, etc.

Resource Map

Resource map provides the following information:

- Total land in the village

- Dry land, wet land, fallow land and temple lands

- Types of soils

- Availability of community property resources (hand bores, water pumps, pools, mountains, grazing fields, forest, etc.)

- Trees in village lands, etc.

CIFSP ideas: From resource map, the following CIFSP ideas may evolve: Land development, land purchasing for land landless, reviving CPRs and increasing income for the dependents on CPRs and increasing work-days for rural labour, promoting NTFP collectors and training them on sustainable practices, etc.

Income and Expenditure Analysis

Income and expenditure analysis for one year can be done at household level. This analysis tells us the income and expenditure patterns of significant livelihoods and also reflects on the gaps by plugging which expenditure can be reduced and income can be increased. Moreover, it discloses the various coping mechanisms that people employ for their survival.

Possible interventions in the example: Collective purchasing of inputs and other items used for daily usage; Collective selling of the agricultural produce to the bigger market; Focus on NTFP (bidi leaves); Advancement of credit to break tied sales; Improving the skills of migrant labor who are working in works-related Srisailam project; Providing livestock; Land development; Employment in new micro-enterprise.

Traded-in and Traded-out Analysis

As the poor are producers as well as consumers, it is essential to understand what is traded-in and traded-out of a village. Traded-in and traded-out analysis of a village will be useful in understanding the village economy and its linkages in and out of the village. It also brings out the ideas of possible

interventions such as elimination of middlemen, collective purchasing of agricultural inputs, capacities/ skills imparting for better wages, etc.

This analysis will indicate the significant livelihoods areas of intervention in each village, the items that need to be retained in the village for later consumption, the items that need to be sold in instalments and/or periodically, the local value-addition possibilities for local consumption and for marketing, aggregation possibilities, improvements in grading, storage, and other post-harvesting practices, etc. In case of migrant wage labour, skills should be imparted if there are opportunities for skilled labour.

Analysis of Livelihoods of the Poor

The analysis of existing livelihoods gives a clear understanding of different livelihood opportunities and possible alternative livelihoods with given assets. The analysis also helps in prioritisation of livelihoods based on the number dependent, significance and employment days. The prioritisation will be helpful in understanding livelihood versus its importance in the given conditions.

The underlying premise of the livelihoods approach of the project is that activities towards sustainable livelihoods must be built on a thorough understanding of existing poverty and livelihoods.

Analysis of poverty and livelihoods reveals that rural poor have multiple livelihoods, which suffer from:

- Low incomes, small quantities;
- High risks;
- Ignorance of: prices, seasonality, markets and quality;
- Knowledge gaps;
- Indebtedness: 'tied' sales, consumption credit needs, lack of holding capacity; and
- Gaps in rural infrastructure.

Livelihoods Enhancement Action Plan

LEAP can be generated by analyzing village economy in general, and the economic conditions and resources of the poor and value chain analysis of the available commodities and services in particular. The following activities are involved in the LEAP processes:

1. Social and resource Surveys for adding new produce and/or new services in the basket of sources of income to the poor.

2. Analysis of the Producer-Consumer chains for these produce and seasonality cycles, Price fluctuations, Commodity flow analysis etc.

3. Harvesting, Post-harvesting, Storage, Grading and local Value-addition, aggregation and marketing aspect analysis for commodity.

4. Understanding Credit, Inputs and Consumption and Marketing linkages and breaking the vicious cycle(s) and initiating virtuous cycle(s).

5. Establishing Market Intelligence Systems - Commodity Bulletins for the poor.

6. Inputs, Production, Outputs and Marketing Systems Analysis for each of the Non-farm products and services.

Value Chain Analysis

The analysis of livelihoods also involves analysis of value chains of various commodities and services. The value chain consists of different stages starting from inputs - pre-production - production - harvesting - post-harvesting - local value addition - marketing nearer to the consumer. In the value

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chain analysis, the linkages, backward and forward, will thoroughly be noticed for appropriate intervention. The core idea in the value chain analysis is to identify the gaps and possible interventions through CIF Sub-project proposals.

Value chain analysis for each of the available agricultural commodities, horticulture, livestock, fisheries, dairy, etc., in a village is the first step in understanding the existing livelihoods in detail.

The value chain analysis involves the following processes:

- Identifying various stages;

- **Inputs:** Fertilisers, Seeds, Fodder development, Agricultural extension services, credit etc.;

- Pre-production activities;

- **Production:** Technology, Land Productivity, Water Productivity, Water management, Cropping patterns, Multiple crops etc.;

- Harvesting;

- **Post-Harvesting:** Storage, Drying, Grading;

- **Local Value-addition:** Aggregation, Retention for later use, Resisting Distress Sales, Milling, Packing, Packing in small packs, etc.,

- **Marketing:** cutting the chain as much as possible between the producer and consumer, market linkages, branding, etc.

Depending on the size of the village and the poor there, it will take 1 or 2 days to draw the contours of the plan in each village. These plans can also be further aggregated at the Mandal level. The implementing body is the Village Organisation of the Poor (VO) and/or the Mandal Samakhya of the Poor (MS) or the specific commodity groups/cooperatives that are likely to emerge. These plans will help the communities to pro-actively access the Community Investment Fund (CIF) for their collective needs. The project offers all technical support in converting these plans into appropriate CIF sub-projects of the community and later in implementing them.

Various Stages of the Value Chain
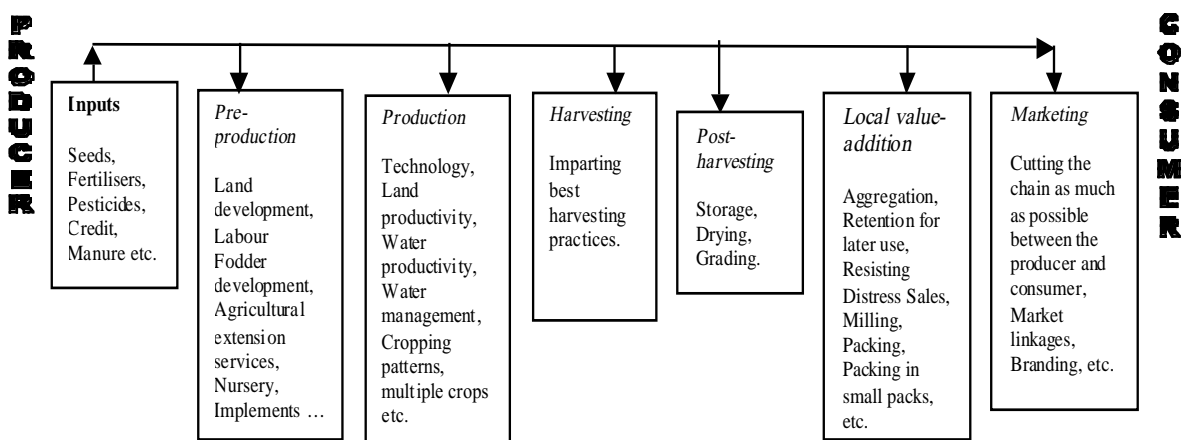
Level 1: Local market: Local traders/middlemen purchase the produce from the producer at meagre price. Most of the times it is a tied-sale.

Level 2: Wholesaler/Millers: Local traders do some value addition (grading, packing, etc.) and sell to wholesalers. If farmers could sell to wholesalers directly they will get more than what they get in local market. Wholesalers do greater value addition and/or produce new products, and sell to retailers.

Level 3: Retailers: Retailers sell products to consumers taking some margin. By the time it reaches consumer, the value of the product increases 3-4 times compared to the value of the produce. In case the producer moves forward in the market chain towards the consumer, s/he will realise higher returns.

Analysis of Local Opportunities

A 'livelihood' is a set of flows of income, from agriculture, hired employment, self-employment, remittances or seasonally and annually variable combinations of all these. Therefore, it is essential to have basic knowledge of the local opportunities, which includes resources (natural and physical, human and social, financial and institutional), market demand and enterprises. By analysing each of these, one can determine livelihood opportunities which could generate a significant number of livelihoods, whether through enhanced income, assets, food security or economic control, or by reducing risks, variances in income or migration.

After analysis of the value chain of commodities and services, it is required to list out the local opportunities to support the existing livelihoods and to focus on new livelihoods. Possibilities of producing new products and services from the existing resources about which the community is well aware of, depends on the available resources and market demand. Therefore, it is essential to study the local opportunities before taking a step forward in the process of interventions.

Analysis of Farming System

This looks at the entire village as a farming system and explores the gaps, leakages and constraints and opportunities.

Interventions

After analysis of the value chains of commodities and services, the next step is to focus on possible interventions, considering the gaps, leakages and constraints in each stage of the value chain and local opportunities, through community investment fund. The interventions depend on the availability of assets and should follow the basic criteria of equity, productivity and sustainability.

Situation after the Practice

The LEAP exercise is being conducted in 864 Mandals in the 22 rural districts of Andhra Pradesh, where the Velugu project is being implemented. This is leading to more participatory, community-driven, viable and feasible projects being evolved by the beneficiaries on their own with the facilitation and support provided by Velugu. These sub-projects are then funded through grants under the Community Investment Fund and through loans from the commercial banks, in addition to the contribution of the participating members.

Outstanding Achievements

Till date, nearly 9,000 sub-projects amounting to about Rs.135 crores have been sanctioned in the six Velugu Phase 1 districts of Adilabad, Mahabubnagar, Chittoor, Anantapur, Vizianagaram and Srikakulam. These sub-projects have benefited nearly 2.7 lakh families. The majority of the sub-projects were in the areas of dairy and other livestock, agriculture, horticulture, land development, fisheries, non-timber forest produce, micro enterprises, etc.

Impact of the Practice

Following the adoption of LEAP, for assessing the livelihoods of people and devising sub-projects based on the rigorous analysis, more demand driven and participatory subprojects have evolved. The initial impact studies suggest that the subprojects have had a very positive and significant impact on the income, food security, education, and health in particular and on women's empowerment in general. Overall, the livelihoods of the poor and the poorest of the poor have improved and their lives have become more secure.

Why is it considered a Best Practice

This is a Best Practice, as this kind of a strategy of analysing the livelihoods of the poor and the poorest of the poor, in a participatory manner and the resultant evolution of community-driven sub-projects has not been taken up on such a large scale anywhere else. As shown above, the impact of these interventions is more sustainable and would lead to empowerment of the hitherto disempowered poor.

7. Janmabhoomi: A Community Development Initiative in Andhra Pradesh

Introduction

Janmabhoomi is a movement imbued with principles of democracy, self-reliance and concerted coordinated community action for all round development in rural and urban areas. It aims and stands for comprehensive development, a massive people's planned movement with the stimulus provided by the Government. It works towards realising the aims of Vision 2020. It is neither a one time operation nor is it a one sector development but it is envisioned as a continuous and periodic collective activity focusing on one sector at a time. Janmabhoomi in a broader sense is a community mass education, stimulating and motivating initiative on the part of the people and creating awareness for social action for development. It is not only functional education for the people but also education and training for the personnel engaged in community development. Janmabhoomi is a synonym for Community Development.

Janmabhoomi Philosophy

Empirical evidence suggests that a participatory, responsive and responsible government will be in a position to provide leadership and seek support from the people and the private sector in promoting economic development goals. Recognising this, Andhra Pradesh has adopted a people-centered approach to development under its Janmabhoomi programme. Under this approach:

- People are to identify their felt needs;

- People must share the cost of community works through material or labour or monetary contribution or a combination of any of them;

- People are to execute community works through self-help groups;

- People are to review and audit their own expenditures;

- People are to own community assets created and managed by their own institutions.

The Janmabhoomi philosophy has percolated to the grassroots level and has become an integral part of the socio-economic development strategy of the state.

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Objectives of Janmabhoomi

Janmabhoomi must be viewed in the context of the government's overall vision of an ideal society - A society

- where there would be multi-dimensional development of all citizens;

- where there would be no poverty or inequity and where people will be deeply involved in decision-making at all levels;

- where the government would truly be a service agency extending high quality service to the people;

- where there would be transparency and total accountability at all levels;

- where self-help, honesty, dedication, cooperation and hard work would be pervasive;

- where there would be greater efficiency in the utilisation of our resources; and

- where information technology would be extensively used for the benefit of the people and where, in short, growth, equity and excellence would be the guiding spirits of our activity.

Janmabhoomi is the movement which will deal with people and people-government interface. The movement seeks to bring people into the mainstream of development activity, and to usher in a people-centered development, both economic and social, for poverty eradication, and ensuring in the process equity, in social and gender terms. The objective is to maximise the decision-making by the people and to involve them in all stages of developmental activities. As part of the process, Janmabhoomi seeks to restore among people in all walks of life, the concepts of dignity of labour, hard work, cooperation, service to fellow-beings, and above all, service to motherland.

The movement works towards strengthening the local bodies so that they may play their role fully in integrating the people in the process. The movement lays emphasis on building awareness among the people and provides people with all relevant information through appropriate channels. This is borne

out of the firm conviction that an informed community can make the right choices both at the individual and collective levels. The movement seeks to develop the inherent skills of the people, to enable them to reach their peak productivity levels. It also seeks to impart new skills that are required in a changing world. Yet another objective of the movement will be to demystify the governmental system, to simplify procedures and make the government more people-friendly.

Janmabhoomi Strategy

The above objectives will be achieved through the following processes:

- Janmabhoomi will induce, develop and nurture social mobilisation of people, particularly the poor, organising the community around specific interests such as thrift and credit groups, youth groups, vana samrakshana samithies, water users' associations, education committees, health committees, etc. This will be achieved through sensitisation/awareness building, organising grassroots people's organisations (GPOs), organising women into thrift and credit groups (Self-Help Groups), building up the capability of leaders of SHGs and GPOs and ensuring their consolidation on a sustained basis. Suitable policy changes will be brought in to enable effective functioning of SHGs and GPOs.

- Janmabhoomi will provide for capacity building of these groups to enable them to access and manage the resources, to articulate their requirements in the Gram Sabha, to sensitise them on issues affecting the people and to train them to take up participatory planning. This will be done through identification of resource persons from among the members of the GPOs and SHGs, training these resource persons in managing the SHGs and GPOs, and establishing the required links with financial and other institutions. Suitable exposure visits will also be organised for the resource persons so that they may see for themselves the experiments being conducted in different places.

- Janmabhoomi will build up people's skills by first identifying the existing skills with the help of resource persons. The gap in availability of skills will be established and suitable persons will be trained in these skills. This would include imparting basic engineering and health skills. The strategy would be to train various persons as barefoot managers. For this purpose, suitable training manuals will be developed, besides functional literacy material. Suitable persons will be identified as facilitators/trainers. There would be regular refresher training programmes.

- Janmabhoomi will develop a policy framework for devolving more power to the people. The guiding principle will be that what can be done at the grassroots levels would be done only at that level. For this, each department would analyse and draw up, within a specific timeframe, a list of activities in each sector that can be decentralised, including the powers necessary at appropriate levels for effective, decentralised decision-making. Necessary financial devolution will also be made. At the same time, full accountability to people will be ensured, and linked to achieving results.

- Janmabhoomi will institutionalise the process of decisions being taken in the Gram Sabha, governmental actions being transparent and the machinery being accountable to the people by

means of periodic reports on the progress on various issues. For this, Janmabhoomi will build the mechanism of an active and vibrant Gram Sabha which will not only decide on various issues but will also monitor the programmes. Janmabhoomi will also develop a process by which information and knowledge are constantly made available to people.

- Janmabhoomi will enable participatory planning at the grassroots level. Towards this end, the GPOs and the SHGs would be sensitised on the significance and modalities of participatory planning. The Gram Panchayat would be the unit for planning in those sectors where it can act. For other sectors, the Mandal or the District will be the unit for planning. Suitable units will be identified in the urban sector. Training would be provided to enable the grassroots level institutions to take up planning and preparation of action plans. These will be implemented by the people and monitored constantly by the Gram Sabha, which would also take up evaluation of the programmes at their level.

- Janmabhoomi will involve the people closely with the choice as well as execution of works. All works of a given nature and upto a certain value will be executed by the people themselves without any intermediaries. For this purpose, a suitable code will be developed and procedures put in place. Government will support all such endeavours by contributing on par with the people's efforts. In priority sectors, the Government will contribute material where corresponding labour is contributed by the people. However, care will be taken to ensure discipline in the utilisation of resources by way of suitable guidelines as well as monitoring of the works by the Gram Sabha. Technical guidance and advice would be made constantly available.

- Janmabhoomi will develop appropriate support structures for achieving social mobilisation and capacity building, including execution of works. The support structures are intended to provide necessary training and technical guidance, exposure visits, as well as develop suitable literature for different sectors. There would be a system of regular feedback and discussion in the workshops where the experiences outside our State would also be considered for adoption, if found suitable.

- Janmabhoomi will involve all sections of society. Academic institutions will participate in this movement, as part of socially useful and relevant work experience. It is proposed to integrate the work experience into the academic programme by allotting a specific number of hours for this purpose. Specialised training for staff will also be given. Students will be sensitised before they take up this work. The objective will be to inculcate the spirit of self-help among the students. Similarly, Panchayati Raj institutions and urban local bodies will be closely involved. Suitable arrangements will be made for this purpose. Voluntary agencies are also expected to play an important role. The media which has played a very useful role so far will also be associated. The movement will draw upon the resources of intellectuals, professionals, freedom fighters, ex-servicemen and others.

- A Janmabhoomi fund will be established which will receive contributions from individuals and organisations for development purposes. This fund will be established at the State and the district levels. Contributions that are not district-specific will be operated at the State level. Those that are district-specific will be transferred to the district fund.

- At the State level, appropriate structures will be set up for administratively overseeing this programme as well as to look after the training needs including development of literature.

Janmabhoomi Values

Through this initiative each individual is expected to restore the following timeless values in the quest for excellence:

- Spirit of Sacrifice

- Diligence

- Honesty

- Self Help

- Self Respect

- Quest for Excellence

- Sense of Fulfillment

In addition to rejuvenating values, Janmabhoomi seeks to radically reorient the way we do things. Such a shift is essential not only to accelerate the pace of development but also to sustain the same through equitable distribution of benefits. Towards this end, each one of our institutions should be restructured and realigned with the core principles of Janmabhoomi, namely, people's participation, equity and equality, transparency and accountability, innovation and sustainability. The institutions will then be able to promote Janmabhoomi values among every citizen in the Society. These basic principles have the potential to enrich the life of every citizen irrespective of gender, age, profession, status, caste, creed, community or location.

Operational Framework of Janmabhoomi

Janmabhoomi essentially means a people centered participatory development process. The institutional framework for Janmabhoomi should therefore facilitate such a process wherein the Government, the democratic institutions of the people, the grassroots people's institutions, the facilitating agencies (including NGOs, academic institutions, etc.) and the people themselves can participate as equal partners. All these institutions would be imbued with the core principles of Janmabhoomi to enable them to carry out their tasks effectively.

Janmabhoomi movement encompasses the following interventions:

1. Environmental Building

2. Promotion of grassroots people's institutions

3. Strengthening of Local Bodies

4. Training and Orientation

5. Administrative Reforms

Environmental Building

A massive environment building will be one of the activities for sensitisation and for inculcating the values and principles of Janmabhoomi. The philosophy of Janmabhoomi would be widely disseminated through all the institutions - academic, government institutions, youth associations, women's organisations, voluntary organisations, grassroots people's institutions, local bodies, industrial establishments, etc. Eminent citizens, freedom fighters, professionals and experts in various fields will be requested to take active part and lend their time and efforts to this process. Voluntary organisations will play an active role and their services will be fully utilised, particularly in training grassroots people's institutions and community volunteers. The media, industrial establishments (private and public), financial institutions, research organisations will be motivated to define a clear role for themselves and participate in the Janmabhoomi process.

A Janmabhoomi flag depicting the balanced growth of agriculture and industry through team spirit and hard work, with the rising sun indicating the establishment of an ideal society shall be unfurled at all public institutions. The Janmabhoomi song will be used as a prayer cum-pledge in all educational institutions. The Janmabhoomi logo and slogans will be widely displayed.

Promotion of grassroots people's institutions

Janmabhoomi will induce, develop and nurture social mobilisation of people, particularly the poor, promoting organising of the community around specific interests such as women thrift and credit groups, youth groups (CMEY), Vana Samrakshana Samithies, Water Users' Associations, Watershed Development Committees, Village Education Committees, etc. This will be achieved through sensitisation, awareness building, organising grassroots people's institutions (GPIs), organising women into thrift and credit groups (self-help groups), building up the capabilities of the leaders of these people's institutions and promoting and consolidation of groups on a sustained basis. Janmabhoomi will provide for capacity building of these groups to enable them to access and manage the resources, to articulate their requirements in the Gram Sabha, to sensitise them on issues affecting the people and to train them to take up participatory planning. Janmabhoomi will build people's skills through intensive training. Janmabhoomi will foster leadership at the grassroots level and the grassroots people's institutions shall act as the nurseries for the growth of leadership. Janmabhoomi will develop appropriate support structures for achieving social mobilisation and capacity building. The support structures are intended to provide necessary training, technical guidance, and exposure, as well as to develop suitable literature for different sectors. There will be a system of regular feedback and discussion in the workshops where the best experiences within and outside our State would be considered for adoption. At the State level, appropriate structures will be established for overseeing this, as well as to look after the training needs including development of literature.

Strengthening Local Bodies

Janmabhoomi will strengthen local bodies through a policy of decentralisation and develop a framework for a larger role for the local bodies. The guiding principles will be that what can be done at the grassroots level would be done only at that level. For this, each department will analyse and draw up a list of activities in each sector that can be decentralised, including the powers necessary at appropriate levels for effective decentralised decision-making. Necessary financial devolution will also be made. At the same time, full accountability to people will be ensured. Janmabhoomi will build up the

mechanism of an active and vibrant Gram Sabha, which will not only decide on various issues but also monitor development programmes. Janmabhoomi will also develop a system by which information and knowledge are constantly made available to people.

Janmabhoomi will enable participatory planning at the grassroots level. Towards this end, individuals, members of the local bodies, and representatives of the grassroots people's institutions will be sensitised about the significance and modalities of participatory planning. The Gram Panchayat would be the unit for planning in those sectors where it can act. For other sectors, the Mandal or the District will be the unit for planning. Suitable units will be identified in the urban sector. Training would be provided to enable the grassroots level institutions to take up planning and preparation of action plans. These will be implemented by the people and monitored constantly by Gram Sabhas, which would also take up evaluation of the training programme.

Training and Orientation

Training shall be organised for government functionaries, elected representatives, voluntary organisations, representatives of grassroots people's institutions, community volunteers and all those involved in the implementation of Janmabhoomi at various levels. Expert groups constituted at various levels shall prepare training modules. The existing training infrastructure available shall be utilised for providing training. Similar training programmes shall be organised at the village level in schools and colleges.

Academic institutions will participate in the Janmabhoomi movement, as part of socially useful and relevant work experience. It is proposed to integrate the Janmabhoomi experience into the academic programme by allotting a specific number of hours for this purpose. The Janmabhoomi philosophy will be incorporated into the curriculum. The daily assembly time in schools and colleges will be utilised for inculcating the values of Janmabhoomi. Specialised training for staff and students will also be given.

Administrative Reforms

In contrast to its current role of a 'provider' and 'doer', the government's role would be transformed into that of a 'facilitator' and enabler of self-governance. Towards that goal of a transparent and people-friendly government, the administration would be simplified and demystified through a comprehensive set of reforms. This would include a thorough reorientation of the government functionaries to enable them to adopt their redefined roles and make the system service oriented. Janmabhoomi will institutionalise the process of the governmental actions being transparent and the government machinery being accountable to the people. All activities of public bodies shall be subjected to social audit. Each department shall have a citizen's charter presenting the standards of services to be provided to the citizens.

Priority Issues covered in Janmabhoomi Programmes

1. Neeru-Meeru
2. Veterinary Camps
3. Distribution of Revolving Funds to DWCRA Groups
4. Eradication of superstitions

5. Health Camps - Special emphasis on Prevention of AIDS, Pulse Polio

6. Awareness about sanitation

7. Distribution of pensions

8. Akshara Sankranti

9. Distribution of gas connections

10. Environmental protection

11. Upgrading of Artisans

12. Focus on aged and disabled

13. Focus on farm development, in terms of increased production and profitable marketing of produce within and outside the country.

Activities covered under Janmabhoomi Programme

Round	Period	Theme
First Round	1-8 January, 1997	Janmabhoomi concept and micro level planning
Second Round	1-7 May 1997	Constitution of HLCs/WLCs, Community Infrastructure Development Works
Third Round	1-7 August, 1997	Janmabhoomi Janachaitanyam-Immunisation and Health Camps
Fourth Round	1-7 October, 1997	Clean Village/Town Concept, free veterinary camps, campaign on save energy and small savings
Fifth Round	1-7 January, 1998	Participation of students and lecturers along with the habitation/ward level committees and the people in activities promoting clean village/ward concept and creation of community assets
Sixth Round	1-7 May, 1998	Free health camps with focus on TB and blindness control. Works programmes through self-help groups
Seventh Round	1-7 August, 1998	Cheyutha for disabled, Pollution control in urban areas
Eighth Round	3-9 October, 1998	Free health camps with focus on AIDS, TB, eye care, dental care and reproductive health care
Ninth Round	2-8 January, 1999	Micro level planning free health camps with focus on curative and preventive aspects of AIDS, TB, eye care, dental care and reproductive health care
Tenth Round	1-7 May, 1999	Mahila Janmabhoomi

Round	Period	Theme
Eleventh Round	3-11 January, 2000	Micro Planning and Evaluation of Gram Panchayats/Wards and Nodal Officers
Twelfth Round	1-7 May, 2000	Neeru-Meeru - Focus on health, drought and water conservation
Thirteenth Round	1-7 August, 2000	Mahila (women) Janmabhoomi
Fourteenth Round	2-8 January, 2001	Rythu (farmers) Janmabhoomi
Fifteenth Round	1-10 June, 2001	Mahila and Sishu (Women and Child Welfare) Janmabhoomi
Sixteenth Round	2-11 January, 2002	Welfare of weaker sections
Seventeenth Round	1-10 June, 2002	Rythu and Mahila Janmabhoomi
Eighteenth Round	2-11 January, 2003	Welfare of weaker sections
Nineteenth Round	1-10 July, 2003	Rythu and Mahila Janmabhoomi

Achievements of Janmabhoomi

The achievements of the 17 rounds of Janmabhoomi are:

- During 1-17 rounds of Janmabhoomi, 1,36,701 social needs have been taken up with an expenditure of Rs.1922.17 crores.

- Regarding non-financial needs, 2.81 lakh representations were received and 2.57 lakhs were solved.

- Regarding individual family needs, 65.81 lakh representations were received and 60.05 lakhs were solved.

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So far 19 rounds of Janmabhoomi have been conducted. The status report on the 19th Round of Janmabhoomi held in the State from 1st - 10th of July 2003 is as follows:

Sl. No.	Activity	Period
1	Gram Panchayat-wise sorting of grievance petitions and assigning SSID number and grievance code to each petition.	23rd July, 2003
2	Computerisation of the following IFNs with the SSID number of the applicant: ration cards, house sites, permanent housing, pensions and applications for economic assistance.	Along with computerisation of Velugu survey
3	Computerisation of ration cards information and linking each ration card with SSID numbers.	31st July, 2003
4	Velugu participatory poverty survey and wealth ranking of all families.	
A	Computerisation of the Velugu Phase I districts to bring uniformity in the information and computerisation of this information in the same format as the 16 Velugu Phase II districts.	25th August, 2003
B	Survey in non-Velugu mandals of the Velugu Phase II districts and computerization of the information.	5th September, 2003
C	12 districts with majority Velugu project mandals: Rangareddy, Nalgonda, Nizamabad, Medak, Warangal, Khammam, Karimnagar, Kurnool, Kadapa, Nellore, Prakasam and Visakapatnam.	
	3 districts with non-Velugu mandals in a majority: West Godavari, Krishna and Guntur.	
	East Godavari (delay due to Pushkaram).	
	Wealth ranking of all families A list of all families ranked in order of poverty with information on whether they posses ration cards, house sites and permanent housing and whether they had applied for ration cards, house sites, permanent houses, pensions and economic assistance. (The pro forma in which this information is furnished is enclosed)	
5	Dissemination of wealth ranking information to Gram Panchayats. The Nodal team will send 5 copies of this information to the Gram Panchayats. One copy will be given to the sarpanch, and the remaining copies to Panchayat function committees and to the DWCRA groups and the village federation of DWCRA groups.	At least 5 days prior to conduct of Gram Sabha in a Gram Panchayat

Sl. No.	Activity	Period
6	Gram Sabhas for final verification of the information by the Nodal teams. The Nodal team will consist of the Nodal officer, MRO and MDO. Claims for and against inclusion or any dispute about the information displayed will be heard and resolved in the Gram Sabha itself. At the end of the Gram Sabha, there will be a resolution of the Gram Panchayat approving the final statement.	11th-20th September, 2003 (East Godavari from 16th - 25th October, 2003)
7	Final reports, for each Gram Panchayat, mandal and district, giving the demand for various IFNs and the number eligible according to the wealth ranking. Government decision on the eligibility criteria for each IFN communicated to the districts.	25th September 2003
8	Programme for sanction of benefits to eligible families	2nd-11th October, 2003

Impact of Janmabhoomi

- Janmabhoomi has created a platform for individuals operating at the Mandal and village levels on issues of local concern;

- It has rejuvenated the Gram Sabhas and has given a fillip to their effective functioning;

- It has inculcated a spirit of teamwork among the local individuals;

- It has mobilised the field staff;

- Janmabhoomi has brought local people closer to the administration;

- It has created an avenue/opportunity for intensive interaction between the people and officials, sharing problems, exchanging views, analysing and estimating resources, chalking out plans and achievements.

8. Employment Generation Mission in Andhra Pradesh

Employment Scenario

The vicious cycle of lack of employment, rising poverty and increasing social tension is stark in all the states including Andhra Pradesh. As per the NSSO report, the unemployment rate of labour force in Andhra Pradesh is 6.67%. The unemployment rate among the educated is higher (7.3%) than the unemployment rate among illiterates. There are about 31 lakh job seekers registered in employment exchanges in the State of Andhra Pradesh. A large chunk of them constituting about 58% (18 lakhs) are unskilled. About 54,000 professional postgraduates and 5,85,630 educated- skilled are also awaiting jobs in the organised sector. Population explosion, rapid growth of labour force, underemployment, high illiteracy levels, more unskilled persons, globalisation of world economy, and increased exclusion of unskilled persons are some of the concerns before us.

Situation before the practice

Before the Mission on Employment Generation was launched by the Government of Andhra Pradesh, the departments were implementing self-employment schemes in an unorganised manner. There was no coordination among the departments to tackle the problem. The beneficiaries who were eligible for sanction of loan were not getting the loans as the mediators and power brokers managed to get the loans sanctioned from the departments for their own candidates. In a majority of cases, the mediators managed to get the loans and subsidies from various departments to a single beneficiary which was causing overlap and double financing. This resulted in high unemployment rates even after spending huge amounts for employment generation.

Government Initiatives

With a view to address all these issues a Cabinet Sub-Committee was constituted by the Government of Andhra Pradesh for implementing the objectives envisaged in the Vision 2020 document with regard to employment generation schemes and manpower planning. The Cabinet Sub-Committee recommended a mission based approach to coordinate activities of all concerned departments in employment generation and manpower planning to guide the investments across agriculture, industries and service sectors of the state economy to ensure generation of opportunities for employment (wage employment, self-employment and entrepreneurship development) and enable desired manpower generation through institutional development.

Accordingly, an Employment Generation Mission was constituted by the Government of Andhra Pradesh vide G.O. No.117, dated 11.08.2000. The Chief Minister of Andhra Pradesh, as Chairman of the Employment Generation Mission, is assisted by the Secretary, Higher Education as Vice Chairman. Eminent personalities drawn from various sections, Principal Secretaries/Secretaries of the Departments concerned, Heads of the Departments and Vice Chancellors of a few Universities are also members of the mission.

The objectives of the Mission

The Employment Generation Mission of Andhra Pradesh has the following objectives:

a) To develop a vision and strategy for employment generation and to prepare a time bound action plan for implementation of these objectives;

b) To suggest measures to derive synergy of the plans and programmes of various departments working directly or indirectly for employment generation;

c) To advise on institutional and organisational mechanism for effective implementation of the action plan for employment generation;

d) To regularly monitor and oversee employment generation action plans in the State and offer advice on future steps to be taken;

e) To initiate public debates on important policy issues related to employment generation and build consensus for policy reforms related to it;

f) To advise on Human Resource Development through institution building and suggest a framework for optimum utilisation of the infrastructure available for training on a continuous basis and identify fresh requirements of infrastructure and resources for training;

g) To facilitate manpower planning in key sectors of the economy;

h) To identify and offer advise on the regulatory aspects of training.

Strategy

For realising the objectives envisaged in Vision 2020, the following strategies for convergence of the programmes, activities and efforts are essential:

1. Convergence of programmes aimed at Employment Generation Mission;

2. Convergence of activities within the sectors (Self-Help Groups-leading to self-help employment-leading to entrepreneurship);

3. Convergence among sectoral growth of agriculture and industry leading to the growth of services sector and growth of services sector further contributing to the growth/diversification of agriculture and industrial sectors;

4. Employment Generation Mission to conduct a number of brainstorming sessions and workshops with departmental heads and district officers to achieve inter-departmental coordination and integration on convergent approach for self-employment schemes.

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Situation after the Practice

The following HODs are implementing self-employment schemes in the State:

1. Women Empowerment and Self-Employment

2. Velugu

3. Scheduled Tribes Corporation

4. Scheduled Castes Corporation

5. Industries (Prime Minister Rojgar Yogna)

6. Minorities Finance Corporation

7. Municipal Administration and Urban Development

8. Leather Industries Development Cooperation of AP Ltd (LIDCAP)

9. Khadi Village Industries Board

10. Disabled Welfare

11. Youth Services (Chief Minister's Empowerment of Youth)

12. Backward Classes Welfare Corporation

There has been great improvement in the implementation of self-employment schemes after the introduction of the practice:

- The Project Director, DRDA (District Rural Development Agency) and Special Officer for Employment Generation review the implementation of the self-employment schemes with the above 12 departments at the district level;

- District Level Convergence Committees have been formed;

- Gram Sabhas at the village level are conducted to ensure elimination of possible overlap of beneficiaries;

- The eligible beneficiary smoothly gets the loans and subsidies from the departments; and

- Multiple financing is curtailed.

Possible interventions for Improving Performance

- Increase in per capita investment for setting up enterprises;

- Skill enhancement through training and capacity building;

- Local resource based and relevant technologies;

- Packaging and branding of products; and

- Increased access to markets.

Bankers' Views

- A centralised authority with adequate power is necessary to control (not coordinate) the fund flows under various schemes so that necessary convergence can be achieved;

- Budgetary support for employment generation, poverty alleviation, and investment promotion may be allowed after vetting by this authority;

- All Government sponsored schemes like PMRY, SGSY, SGSRY, SLRS, CMEY, Housing programme, District Poverty Alleviation Programme that are being implemented under the World Bank project, Irrigation development, etc., may be routed through this authority. That is, any programme which is connected with poverty alleviation, creation of self/wage employment, and entrepreneur development should invariably be included as a part of the programme of this authority;

- Since people's participation is proposed in the Mission approach, the existing Panchayati Raj institutions or SGSY committees at Mandal, District and State levels may be utilised as channels for convergence;

- Instead of having separate targets under each scheme stated above, banks will be allocated a credit target combining all the schemes and the above authority will review employment generation and increase in average income level after provision of credit on an ongoing basis;

- Banks would also prefer to lend to groups who are well-trained and sensitised in the background of satisfactory experience in the State.

Linkages with other Missions

1. Poverty Eradication Mission

World Bank aided District Poverty Initiative Project is currently operating in 180 Mandals/Poverty pockets in the six selected districts of Adilabad, Chittoor, Anantapur, Mahabubnagar, Srikakulam, and Vizianagaram in the State. District level units under DPIP will take up training and capacity building activities to enable the poor access to financial and social services on a rights-based perspective. DWCRA/ Women SHGs will be utilised as platforms for the socio-economic empowerment of women.

2. 'Education for all' Mission

The primary goal of the 'Education for all' Mission is to improve overall literacy levels from the current 54% of the population to 95% by 2005. It will mean achieving universalisation of enrolment, retention, adult education with special emphasis on focussed strategies to improve retention, to improve literacy and achievement levels in the groups with traditionally low literacy levels.

In the State, there are 7189 habitations without a primary school within 1 km. radius. It is possible to develop a cadre of Vidya Volunteers from the youth who are either matriculates or above and expand the present cadre strength from 34,000 to 50,000 in the next year.

The number of illiterates in the age group of 15-35 is 109 lakhs while the number of illiterates in the age group 15-50 is above 185 lakhs and prioritisation has been taken up for all the illiterates under SHGs.

It is proposed to identify literate volunteers among SHGs and attempt matching and batching and locate centres to provide training to cover 60 lakh illiterates in the age group of 15-50. 6 lakh members in SHGs will be acting as literacy volunteers to educate 60 lakh illiterate people.

3. Water Conservation Mission

People-centred sustainable development through management of natural, human and animal resources is the ultimate objective of SWARNANDHRA PRADESH.

Conservation, development of production, sustained growth with people's participation is the methodology. An integrated watershed approach, both for conservation and an option output as well as wage employment measure encompass such an approach.

Large chunks of cultivable fallow lands, degraded forest land and waste lands could be cultivated through integrated watershed approach/lease of these lands to self-help groups and this could be a good option to provide employment to illiterate, semi literate, literate unskilled and skilled people.

In the last 2-3 years, 5000 watersheds have been taken up. A 10-year action plan for development of 100 lakh hectares of waste land was launched in December 1997.

DFID-supported rural livelihoods project was launched in 7 districts with Rs.350 crores outlay for strengthening the watersheds and watershed plan activities. The village will be a unit for sustainable development of natural resources.

Employment Generation Mission addresses the following critical areas:

1. Policy interventions required to be made by the Government;

2. Advising the Government regarding investment priorities;

3. Developing institutional mechanism to make the largely unskilled force into a skilled and adaptable category;

4. To guide and facilitate private and public investments in the newly emerging sectors;

5. To recommend changes in educational systems;

6. To recommend mechanisms to establish a meaningful link between educational, research institutions and industries; and

7. To help develop a proper mindset.

Outstanding Achievements

The Chief Executive Officer, Employment Generation Mission obtains monthly progress reports from the 12 HODs in the formats approved by the Government. These are compiled and furnished to the Government for review in the meetings/video conferences conducted by the Hon'ble Chief Minister.

During the year 2002-2003, 6.09 lakh units were established with an outlay of Rs.1341 crores by the eleven line departments dealing with self-employment schemes, covering 12.69 lakh beneficiaries.

In the current year 2003-04, it is planned to cover 21.44 lakh beneficiaries with a total outlay of Rs.2578.75 crores with an average per capita investment of Rs.12000/-. Such investment will enable the beneficiaries to earn a minimum of Rs.1500/- to Rs.2000/- per month in 1-2 years to cross the poverty line. The performance upto October 2003 is 12.79 lakh beneficiaries as against the target of 21.44 lakhs in the action plan. The financial achievement upto October 2003 is Rs.1038.90 crores as against the target of Rs.2578.75 crores.

Impact of the Practice

The unemployed are able to know the department-wise "implementation of self-employment schemes" in the State. The Gram Panchayats and Zilla Parishads are actively participating in identification of beneficiaries. The action plan and monthly progress reports on self-employment schemes are available on the website for easy access to the citizens.

Why is it considered a Best Practice?

The Government's motto is total transparency in Welfare Schemes to achieve the goals of Vision 2020.

The Employment Generation Mission achieved good results on convergence of self-employment schemes, by avoiding overlap and double financing in identification of beneficiaries. The particulars of beneficiaries, department-wise and scheme-wise, are available online. This has led to greater transparency.

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9. Self-Help Groups (SHG)-Bank Linkage Programme in Andhra Pradesh

Situation before the practice

The Government of Andhra Pradesh has been encouraging women Self-Help Groups (SHGs) as a sustainable solution for alleviation of poverty. There are 4.65 lakh women SHGs functioning in the state covering 64.13 lakh rural poor women. These groups are popularly called as DWCRA Groups in Andhra Pradesh and the name became popular after the DWCRA programme (Development of Women and Children in Rural Areas) where women's groups were assisted initially. An amount of Rs.1566.90 crores has been mobilised as corpus (including a savings of Rs.897.47 crores) by these groups so far. The corpus consists of savings, government assistance, and interest on internal lending. The SHGs are not only resorting to thrift but are also taking small loans out of the corpus available with the group.

The SHGs consist of the members, who are poor, have low savings capacity, and who depend on money lenders or private sources for meeting their consumption needs and other pressing obligations. The thrift amount is pooled during group meetings and given out as loans to members for consumption, production or investment purposes based on the priorities decided by the group. The group members take collective decision in all matters keeping in view the welfare and prosperity of the member. These groups play the role of a mid-wife or moneylender.

Since it is the members' thrift that is given out as loans to one or two members at each meeting, depending upon the priorities set by the group, members exercise close supervision on utilisation of loans. Similarly, peer or moral pressure is exerted on members to continue saving to enable every member to have an opportunity to avail loans. Simultaneously, prompt on-time repayments of loans are also insisted upon by the other members anxious to avail loans of a higher order. As a result, at any given point of time all members in a SHG will not be borrowers. Even if all of them are borrowers, their loans outstanding will not be equal. Several interesting features have been observed in the financial dynamics of groups where there is evidence in qualitative shift in loans portfolio in favour of productive purposes as against consumption loans availed earlier. So is the case with size of loan.

Thrift and credit activities have since emerged as a combined binding force to mobilise the rural poor into groups. The rural poor may not be able to form groups by themselves to command sufficient strength to approach and negotiate with external agencies like banks for funds. With a view to make thrift and credit activities meaningful for economic empowerment, the groups are gradually encouraged to deploy their funds into investments or income generating activities. While doing so, conscious efforts are made by Self-Help Promoting Institutions (SHPIs)/Mutually Aided Cooperative and Thrift Societies (MACTS) to build appropriate capacities for managing micro enterprises. Capacity building efforts include training in functional areas of managements, skill development, technology up-gradation, market support, etc.

SHGs are able to meet the immediate needs of women. However, the loan amounts are so small that the impetus for women to take up income generation activities is not positive. Similarly, larger issues like buying raw products in bulk, production in large quantity, packing, marketing, etc., cannot be

undertaken by SHGs due to limitations of membership and corpus. Money lenders though give timely credit and exploit the necessity of the poor - once the poor fall into their clutches, they permanently remain in their clutches. The government decided to provide financial assistance by mobilising loans from banks, financial institutions, etc., to overcome the above problem.

Details of the Practice

The development agenda of the State in the last few years is to provide and deliver credit and financial services to the poor in order to lift them out of poverty by taking up meaningful and productive activities and the Government has taken up appropriate steps on mobilisation of loans to women SHGs which enabled credit utilisation of Rs.1585.00 crores by the women SHGs under SHG-Bank Linkage programme so far.

NABARD introduced a pilot project in 1992 for linking banks with SHGs to encourage thrift and savings amongst the rural poor and to supplement their credit needs through the banking system and constituted a working group for the purpose. Based on the recommendations of the working group, the RBI decided to extend SHG linkage programme beyond the pilot phase and advised the banks to make it a part of their mainstream banking function. Some of the basic requirements of SHG-Bank Linkage programme are:

1. The group should have been in active existence for at least a period of six months;

2. The group should have successfully undertaken savings and credit operations from its own resources;

3. Democratic working of the group, wherein all members feel that they have a say, should be evident;

4. The group should be maintaining proper accounts/records;

5. The banker should be convinced that the group has not come into existence only for the sake of participation in the project and availing benefits thereunder. There should be a genuine need to help each other and members should work together;

6. The SHG members should preferably have homogeneous backgrounds and interests;

7. If the NGO or the concerned Self Help Promoting Institutions (SHPI) evinces interest then the agency may offer help by way of training and other support for skill up-gradation and proper functioning.

The beginning of linking banks with SHGs was initiated in Andhra Pradesh during 1992-93 with the linkage of 8 SHGs with SBI, Vysya Bank and Sri Anantha Grameena Bank. Due to constant efforts by the Government, the programme has gathered momentum only since 1997. All nationalised banks, RRBs and District Cooperative Banks were involved in the programme. In Andhra Pradesh, 7 models of delivering credit to rural poor through SHG system exist. They are:

1. Financing SHGs directly by banks without any intervention/facilitation of any SHPI;

2. Financing SHGs directly by banks with intervention/facilitation of Non Governmental Organisations;

3. Financing SHGs directly by banks with intervention/facilitation of Governmental Agencies;

4. Financing SHGs directly by banks with intervention/facilitation of bank staff;

5. Financing SHGs with financial intervention of Non Governmental Organisations;

6. Financing SHGs with financial intermediation of NGOs/SHG cluster associations; and

7. Financing SHGs with financial intermediation of NGOs/Mutually Aided Cooperative Societies.

Under the programme, banks/financial institutions are giving minimum loan amount, which is equal to 2 times the savings of the group, and a maximum of 6 times the savings, depending on the assessment of the SHG by the bank/financial institutions. Greater the degree of confidence of the bank on the SHG, greater could be the proportion of loan. The activities or purposes and size of loans, which the group proposes to lend, should be left to the common wisdom of the group.

The rate of interest will be decided by the banks/financial institutions which finance SHGs under SHG-Bank Linkage programme within the scope of RBI directives. Nationalised banks, Regional Rural Banks and Cooperative Banks are coming forward to issue loans to SHGs on the following lower rates of interest:

Andhra Bank	-	9%
State Bank of India	-	9.5%
State Bank of Hyderabad	-	10%
Syndicate Bank	-	10.5%

The above bank officials inform that there is now a proposal to further reduce the interest rates from the rates mentioned above. The other banks are also likely to reduce the interest rates on the loans extended by them to women SHGs.

The repayment period for the loans extended by SHG will be determined by the group. However, the banks could give a longer repayment period for the loans extended by them to SHGs for allowing

rolling over of funds by the groups, leading to greater internal capitalisation of their fund base. In other words, the SHGs should be able to carry out activities without having any depletion of its resources built up with own funds.

The Government (vide G.O. Ms. No. 398, dated: 03-07-3002, Revenue Department) waived the Stamp Duty on all the loan documents executed by SHGs for accessing loans from the banks and other financial institutions under SHG-Bank Linkage programme in the State. Sales tax is exempted up to Rs.5.00 lakhs in case the SHGs conduct the sales of DWCRA products.

In addition to the above, women SHGs are encouraged to come together as Cooperative Societies at the village and mandal level by federating themselves under Mutually Aided Cooperative Societies Act 1995. Nearly 350 societies have been formed so far. These societies will be accessing credit from financial institutions, donor agencies, DRDAs and voluntary organisations and help the members of women SHGs in availing bigger loans for economic activities and also help in collective bargaining in marketing of products, purchasing raw material, etc. These societies are popularly known as "Mahila Banks." These societies have a share capital of Rs.5.80 crores and a total corpus of Rs.17.77 crores. These societies charge interest at 12-18% per annum for loans. The recovery rate is around 98%.

Situation after the Practice

The Government of Andhra Pradesh, which is committed to social and economic empowerment of women, has adopted micro credit as a tool to attain the same and had taken the SHG-Bank Linkage programme as a mass movement since 1998-99 onwards in the State to achieve the goal. Various training and capacity building programmes have been conducted on production, packing, marketing, micro-credit, and utilisation of loans to women SHGs. In addition to the above, regular skill development training programmes are being organised to impart value addition to DWCRA products and to develop skills among women on marketing, packaging, etc. With the efforts of the Government, more than 3.50 lakh women SHGs have availed loans from banks and other financial institutions and improved their economic status. Some of the groups have availed loans more than once - from 2 to 5 times.

During the current financial year 2003-04, Rs.1000.00 crores has been targeted as loan mobilisation under SHG-Bank Linkage programme and an amount of Rs.459.14 crores has been mobilised up to October 2003.

Outstanding Achievements

In Andhra Pradesh, more than 51% of the SHGs were financed by banks under SHG-Bank linkage. This number is more than the all-India figure excluding that of Andhra Pradesh. Further, 44% (Rs.1,095

crores) of SHGs were disbursed bank loans as against the total amount of Rs.2,438/- crores at the all-India level. 33,000 SHGs were provided repeat finance by banks during 2002-03, which comes to 32% of 1,02,391 at the all-India level. As per the reports of the bankers, the recovery of loans is around 95% as against 87% when compared to other states.

The SHGs have taken up various income generating activities by availing the facility under SHG-Bank Linkage programme and increased their production to the extent that they not only supply to other parts of the state but also to the entire country. Recently some women SHGs have got orders for their products from countries like Sri Lanka and Malaysia.

The SHG women have actively participated in fairs, melas, and exhibitions organised at the state, national and international levels and are able to market their products though the internet. Well-known companies like Hindustan Lever Limited, Food World, and Apna Bazaar have come forward to tie-up with the SHGs to market their products.

Impact of the practice

Non Governmental Organisations, Universities, and NABARD have evaluated the SHGs and SHG-Bank Linkage programme. As per their reports,

- Dependency on money lenders was reduced;

- Saving habit was enhanced/increased;

- Self sufficiency for consumption requirements;

- Capacity increased in prioritising investment opportunities;

- 80% of the total SHGs have accessed financial assistance from banks;

- Repayment of SHG loans is above 95%;

- Diversification and value addition to the existing activities;

- SHG women are engaged in 450 varieties of income generating activities;

- SHG women are producing quality products with high standards in packing, marketing, etc.;

- SHG women earn an additional monthly income ranging from Rs.2000/- to 3000/-;

- SHG women actively participate in several government welfare programmes such as family welfare, literacy, etc.;

- SHG women undertake government works such as stitching and supply of uniforms, bags, caps etc.;

- SHG women are able to supply DWCRA products to national and international markets;

- Leadership qualities among SHG women are enhanced; and

- Self confidence among SHG women has increased.

Why is it considered a best practice

The issue of extending loans to SHGs under SHG-Bank Linkage programme since 1998-99 created a path for women's economic empowerment. The income generating activities taken up by the SHGs and access to the banks and financial institutions attracted the attention of not only other States but other countries also. Many dignitaries from other states and other countries visited Andhra Pradesh and praised the SHG movement and implementation of SHG-Bank Linkage programme. Other State governments are also taking the practice as a model and are sending teams to study the implementation of the programme with an aim to implement the same in their states.

As the SHGs in Andhra Pradesh enjoyed the fruits of the scheme successfully, the SHG-Bank Linkage programme has successfully emerged as a best practice.

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10. Power Sector Reforms in Andhra Pradesh

Introduction

The role of infrastructure in facilitating the economic development of a state cannot be understated. Infrastructure is identified as the basis for growth and development of a country or a state. Power is a key component of infrastructure and the entire development of a region is largely dependent on the availability of power. Power not only brings in prosperity but serves as a comfort tool in all respects of social and technological advancement. Consumption of power is a universally accepted indicator of progress in agriculture, industrial and commercial fields.

The State of Andhra Pradesh has witnessed tremendous development in the power sector in the past four decades. The installed capacity rose from 213 MW to more than 10,000 MW and from only 2496 villages electrified in 1960, the state has achieved 100% electrification today. The total number of consumers has risen from 2 lakhs in 1960 to over 1 crore. The agricultural connections which were hardly 13,000 then rose to nearly 20 lakhs.

Situation before the Initiative

The financial position of the power sector was reasonably comfortable until 1991-92 as it was meeting its operating expenditure from its revenues and the State Government only provided assistance to the extent of 3% return on net fixed assets as prescribed in the Electricity Supply Act. For the first time in 1992-93 and subsequently in 1993-94, the erstwhile Andhra Pradesh State Electricity Board (APSEB) had to make accounting adjustments in their books not only to cover the operating deficit, but also to provide for achieving the statutory 3% annual return on net fixed assets. The decline in the financial position over the years was due to reasons such as

- adverse change in Hydro-Thermal mix;

- steep increase in cost of power purchase;

- higher growth in consumption of electricity by subsidised categories like agriculture and domestic consumers compared to the subsidising categories like industries;

- stagnation in industrial consumption from the grid and shift to captive generation; and

- high level of T&D losses.

Alarmed over the deteriorating situation in the power sector and to improve the consumer service in the state and with the overall goal of achieving the goals of Vision 2020, large scale reforms were taken up in the power sector.

Vision 2020

Andhra Pradesh has set itself an ambitious vision, and by 2020 the State aspires to be the most attractive investment destination in the country. Infrastructure will play a key role in achieving the vision and will influence the quantum of investment in Andhra Pradesh. One of the key factors influencing the investment decisions of industrial and other players is the quantity and quality of power.

The Vision 2020 document envisages that Andhra Pradesh should have sufficient infrastructure to sustain and stimulate the economy growing at 9-10% a year. In order to achieve this growth, the state has set the following targets for the power sector:

- Installed capacity to touch 36000 MW (present installed capacity [as on 31st June 2003] is 10356 MW);

- Per capita electricity consumption to exceed 2000 KWH (per capita consumption is currently 520 KWH);

- Total energy loss to fall to 10% from the current levels and commercial losses eliminated (T&D losses as on March 2003 is 26.13%);

- Power quality to reach world class levels in 3 to 5 years;

- Power to be provided at competitive cost (Cost of power purchase at Rs.3.20/KWH and realisation from consumers at Rs.2.60/KWH).

Description of the Initiative

The object of the reforms and restructuring process was to create conditions for the sustainable development of the power sector by promoting competition, efficiency, transparency and attracting the much needed private finances into the power sector. The ultimate goals of the reform process were to ensure that:

- power should be supplied under the most efficient conditions in terms of cost and quality to support the economic development of the State; and

- power sector ceases to be a burden on the State's budget and eventually becomes a net generator of resources.

A key element of the reform process was that the Government will withdraw from its earlier role as a regulator of the industry and will be limiting its role to one of policy formulation and providing policy directions. The important components of the reform model adopted include:

- unbundling of the sector along functional lines;
- creation of independent regulatory mechanism;
- corporatisation and commercialisation of distribution business;
- joint-venture formation/micro privatisation of the distribution segment; and
- phased introduction of competition, both at retail supply and bulk levels.

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In the first phase of the reforms process, the Government of Andhra Pradesh (GoAP) enacted the AP Electricity Reform Act 1998 which was made effective from 1st February, 1999.

The Andhra Pradesh State Electricity Board (APSEB) was unbundled into AP Transmission Corporation (APTransco) and AP Generation Corporation (APGenco) which were incorporated under the Companies Act, 1956 and became operational from 1st February, 1999. The distribution function has been separated from APTransco and four distribution Companies (Discoms) have been incorporated under the Companies Act 1956, as subsidiaries of APTransco.

APGenco contributes 60% of the State's power demand. With its total installed capacity of 6557 MW (as on 1st October, 2003) comprising 2973 MW Thermal, 3582 MW Hydro and 2 MW Wind Power Stations, it is the third largest power utility in the country. APGenco's installed Hydel capacity of 3582 MW is the highest among all the power utilities in the country including National Hydro Power Corporation (NHPC). APGenco currently operates six Thermal Stations and sixteen Hydro Stations and provides O&M contract services for the joint sector 272 MW Vijjeswaram gas-based project. APTransco is the single off-taker for the electricity generated at these facilities.

The Andhra Pradesh Regulatory Commission (APERC) which was established in 1999 regulates the functioning of the power sector.

Initiatives taken during the reform process

A number of initiatives were taken up during the reform process, and several best practices have been established in the power sector over the last 4 to 5 years.

Massive Investments in T&D

Massive investments were made in the Generation, Transmission and Distribution sectors. Capital investment programmes like installation of High Voltage Distribution Systems, reconditioning of heavily loaded lines, replacement of over loaded distribution transformers and judicious location of sub-stations have been taken up to reduce technical losses. These initiatives have not only reduced the losses, but have also improved the voltages. A sum of over Rs.9200 crores was invested over the last 7 years towards transmission and distribution infrastructure. It is proposed to invest about Rs.7200 crores over the next five years to further strengthen the Transmission and Distribution system.

Keeping in view the need for power as a critical input for economic development, huge investments were made to build additional capacity in the Generation sector as well.

Capacity Addition
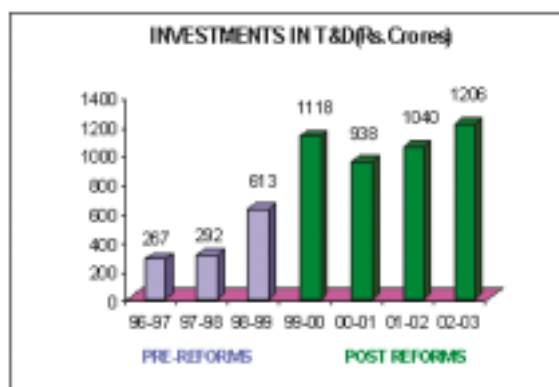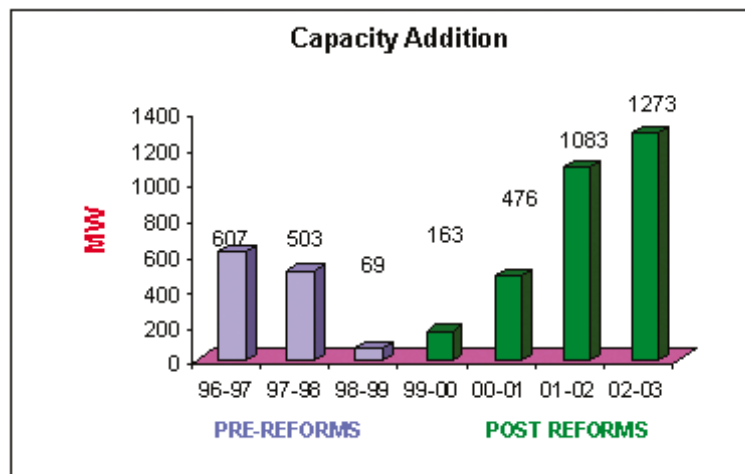
Institution strengthening initiatives

The boards of the Discoms have been reconstituted and their organisational structures, policies and procedures have been developed. Fresh talent has been inducted at managerial level and an exhaustive and accurate employee database has been created and handed over to the Discoms for maintaining the records of its employees. In the long run, the database would help in the smooth transition to an automated and integrated human resource information system. It has been further proposed to automate compensation, payroll, training, administration and personnel administration. Roles and responsibilities of employees in various positions have been defined and accountability fixed at each level through performance parameters and grading.

Efficiency improvement Measures

In order to improve the operational and financial performance of AP Transco and Discoms, several efficiency improvement procedures have been launched by the Government and the Companies as outlined below.

Anti Pilferage Drive

Theft of energy was a major problem affecting the financial position of AP Transco and the Distribution Companies. In order to curb the menace, Government of Andhra Pradesh amended Section (39) of the Indian Electricity Act 1910 providing stringent penalties to deal with the theft of energy/malpractice cases. More than one lakh cases of theft and power pilferage have been detected since 1999-2000 and the amount of irregularities is being assessed and recovered.

Monitoring of Losses in Towns

By monitoring the losses in all towns and municipalities regularly, the utilities have been able to identify high loss areas (both technical and commercial) and have taken suitable steps to reduce the same. 70% of the 114 towns in AP have loss levels less than 8% and in 94% of the towns the loss levels are less than 10% which is the best in the country compared to any other state.

These loss levels are comparable to the levels achieved by some of the best private sector distribution companies in our country.

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IT initiatives

Many IT initiatives have been taken up to improve the quality of information, improve revenue, monitor operation performance and facilitate improved customer service. A web based Management Information System (MIS) is in operation for conducting detailed reviews at various levels. A total consumer database has been established which is being used not only for consumer service, but also for identifying potential 'commercial loss' cases. An information systems plan which is a road map for all IT related initiatives has been prepared for the sector.

Improvement in Customer Service

- Establishment of customer service and call centres at District Headquarters;
- Consumer grievance cells in Operation Circles and Divisions;
- Separate HT cells in all Operation Circles to promptly address grievances of HT customers;
- Introduction of spot billing for all the customers across the state since July 2002;
- Introduction of Citizens Charter and its implementation monitored through call centres;
- Conducting Vidyut Adalats every Monday at Mandal headquarters to hear and solve citizens' billing complaints on the spot. Other complaints relating to damaged poles, voltage problems etc. are also registered and are being resolved at the earliest;
- Payment through eSeva centres as in Hyderabad is being extended to other Municipalities during the year 2003-04;
- Separation of 712 industrial feeders to provide reliable, interruption-free supply to industrial consumers.

Transformer Information Management System (TIMS)

TIMS is a tool that helps in tracking and monitoring the performance of Distribution Transformers. It is a transaction system for easier handling of all transaction information regarding transformers. It manages these key inventory assets right from procurement to final scrapping. TIMS enables decision support and MIS to identify root causes of failures. It also enables efficient deployment, repairs and inventories of transformers. Reports generated by TIMS help in better procurement decisions, monitor repairs effectively, analyse the causes for failures and take appropriate action, identify correct locations for new/replacement transformers etc.

Consumer Analysis Tool (CAT)

The Consumer Analysis Tool (CAT) that allows consumer-wise analysis has been introduced. Computerised CAT allows the management to analyse and monitor the consumers to reduce commercial losses and improve revenue. By using CAT, details about consumption pattern, demand, billing, collections, connected load profile and demographic trends can be obtained. CAT is also used for targeting irregularities in metering, billing and collection. It enables tracking of theft and malpractice cases.

A centralised customer information database has been created for faster and accurate customer data analysis. The tool helps in

- prioritised reporting and querying;
- metrics for evaluating customers;
- effective follow up action initiation and exceptions monitoring; and
- increased inquiry capabilities.

With the help of the reports generated by CAT, field inspections are carried out in a systematic and prioritised manner so that the time and manpower are used effectively to improve revenues and detect theft.

Energy audit systems

Energy audit systems were institutionalised to accurately measure the energy purchases by installation of high accuracy interface meters at generating points. The high commercial losses were identified particularly in industrial areas and stringent action was taken against theft and malpractice cases. The loss in all the towns and municipalities is being monitored and has been reduced to a level of 6 to 8% from 10 to 12% in the last two years. Un-metered agricultural consumption is being accurately assessed which helps in estimating the losses to realistic levels. As a part of the Energy Audit, the energy at all the 11KV industrial feeders are specially targeted for loss reduction. Andhra Pradesh is one of the first states to conduct detailed Energy Audit at 11 KV industrial feeder level.

Simplification of theft detection and monitoring

The process of detection of theft and assessment has been simplified. Targeting tools have been developed to improve detection rates. Realistic assessment rules have been introduced based on Data mining using Hand-held devices. Hand held devices are being used to issue Assessment notices on the spot. The numbers of assessment layers have been reduced to two from the earlier four, and mechanism for quick disposal of cases has been introduced.

Metering Plan

A massive metering plan has been taken up for implementation. The meters replaced include high accuracy HT electronic trivector meters with time of day (ToD) tamper-proof and remote reading facilities, LT electronic trivector meters on LT industrial services, LT 3-phase electronic meters on high value services and single phase electronic meters for replacing the defective meters and ensuring accurate billing. High accuracy data loggers with storage of data for the past 35 days have been fixed for all 11 KV feeders.

Andhra Pradesh is the first state in the country to adopt a comprehensive Information System Plan (ISP) which is a road map for various IT initiatives. A Transformer Information Management System (TIMS) has been installed to track and monitor the performance of Distribution Transformers.

Administrative and Financial autonomy to Discoms

The Discoms have been vested with Administrative autonomy for taking decisions on transfers, promotions, and handling of disciplinary cases. The powers to change organisation structure, roles and responsibilities now rest with Discoms. The Discoms will now manage their own finances, raise their own funds, determine their own payment policies and also manage treasury functions. The staff are also trained in various finance related areas.

The following results have been achieved after decentralisation of fund management function:

- Changes in the banking system to track movement of funds;

- Funds transfer tracking system developed to ensure correctness of amounts transferred from field units;

- Cash flow model implemented to access cash flow requirements of the Discoms on a monthly basis; and

- Discoms have also been able to develop relationships and successfully raise loans from the bankers.

Performance Management and Reporting System (PMRS)

PMRS helps in timely availability of data for better decision-making process. This is the first MIS system for Distribution companies in the country where the data capture is through the existing V-SAT communication network with a centralised server. Important features of the system are:

- Integrated performance management and reporting tool to analyse aggregated data for key parameters at each level of the organisation;

- It provided the ability to drill down and detect exceptions at any level across the organisation;

- It enabled capture of data at the point of generation and provides current information over the intranet.

Monitoring through key performance indicators

Monthly monitoring of key performance indicators is being done and has resulted in better accountability. The concept of computing the revenue demand target based on the actual energy drawn by the circles and monitoring the demand raised with respect to this target has resulted in realistic targeting and improved performance.

Initiatives taken up in APGenco

Several initiatives have been taken up as a part of the reforms process to further improve the functioning of APGenco on all the key performance indicators of Capacity Addition, Plant Load Factor (PLF), Auxiliary Consumption, Specific Oil Consumption and Heat Rate by judicious investments, inculcating cost consciousness, arrangements for better power supply of coal through joint sampling protocols, measures to check actual consumption of coal against targets, energy auditing, planning, daily production meetings in the units, planning renovation and modernisation schemes, timely preventive maintenance etc.

Results Achieved

Due to various initiatives taken up by the power sector in Andhra Pradesh (AP), significant improvements have been possible. There was increased confidence of various stakeholders, which has resulted in increased investments by way of loans and grants to AP. Assistance from various international financial institutions such as the World Bank, Department of International Development (DFID), Overseas Economic Cooperation Fund (OECF) and Power Finance Corporation (PFC) was made available to AP.

Improvement in Revenue

There has been a significant increase in the revenue collection over the years. The revenues have improved from Rs.4956 crores in 1999 to Rs.8129 crores in 2003. The improvement in financial performance was mainly possible due to considerable reduction in T&D losses and improvement in internal efficiency.
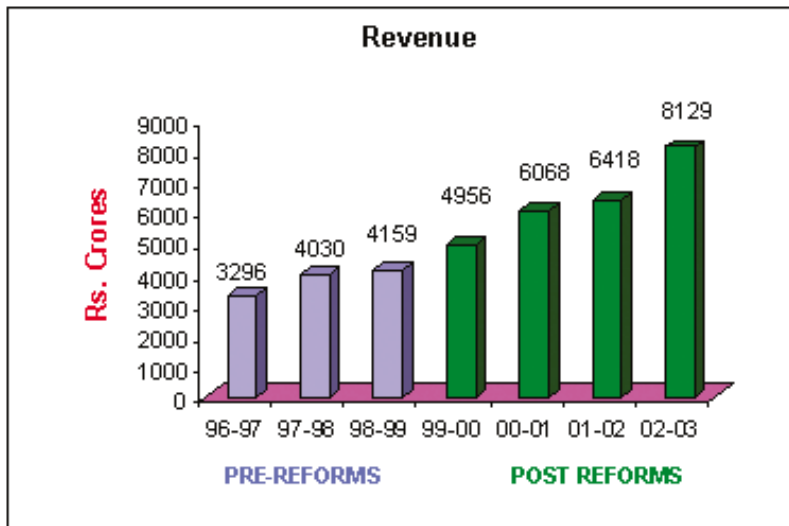
Due to improved financial performance, the subsidy from the Government came down from Rs.3064 crores in 1999 to Rs.1882 crores in 2003.

Improvement in Metered Sales and Reduction in DTR failures

Due to massive replacement of meters with high accuracy meters and due to various other efficiency improvement initiatives like improved audit and billing, the metered sales have improved from 38.01% in 1999-00 to 43.67% in 2003. The failure rate of Distribution Transformers (DTRs) has also reduced from 28.03% in 1999-00 to 18.72% in 2002-03.

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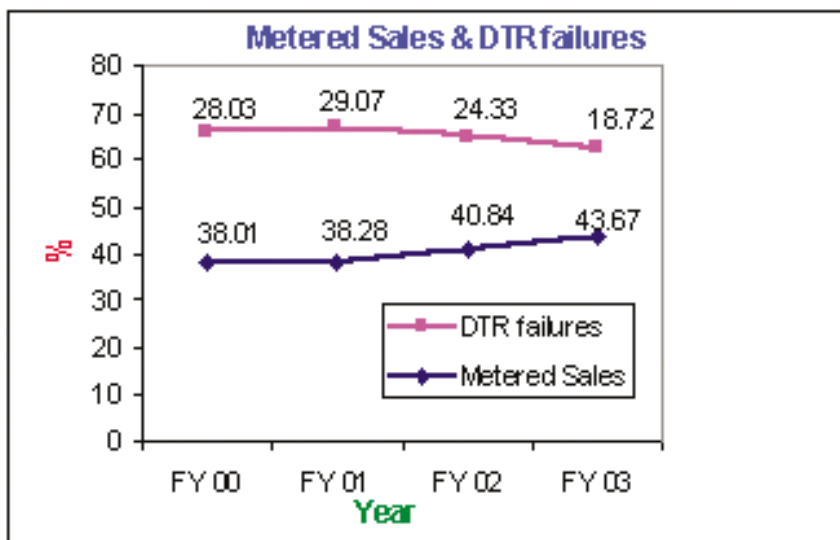
Reduction in T&D losses

Andhra Pradesh has set a record in reducing the Transmission and Distribution losses in the last four years. This has been made possible by huge investments in the T&D sector and by improving internal efficiency.
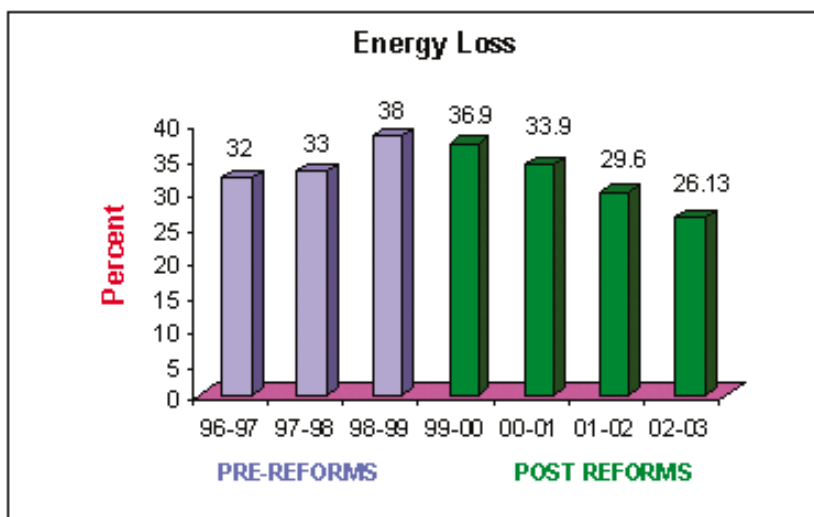
Transmission and Distribution (T&D) losses have been brought down from 36.90% in 1999-00 to 26.13% in 2002-03, an average reduction of 2.70% per year, the best performance by any state in the country.

Improvement in Cost Coverage

Another important achievement is the improvement in the Cost Coverage which is a ratio of revenue realised per unit to cost incurred per unit sold. Due to reduction in loss levels the cost coverage has improved from 62.5% in 2000-01 to 80% in 2002-03. This compares well with the all India Cost Coverage ratio which is 70%.

Plant Load Factor

After formation, APGenco has initiated several measures to improve the Plant Load Factor (PLF) which is an important indicator of operational efficiency in thermal power plants. The highest Plant Load Factor (PLF) achieved by the erstwhile APSEB was 82.3% during 1997-98 which was then the highest among the other State Electricity Board (SEBs) and the Central power generation companies. Due to sustained initiatives aimed at further improving the PLF, APGenco could achieve a PLF of 88.9% in 2002-03 which is the highest ever achieved by APGenco and ranks second at the All India level. The graph showing the PLF achieved by APGenco and APSEB compared to the all India average indicates the improvement in PLF over the years.
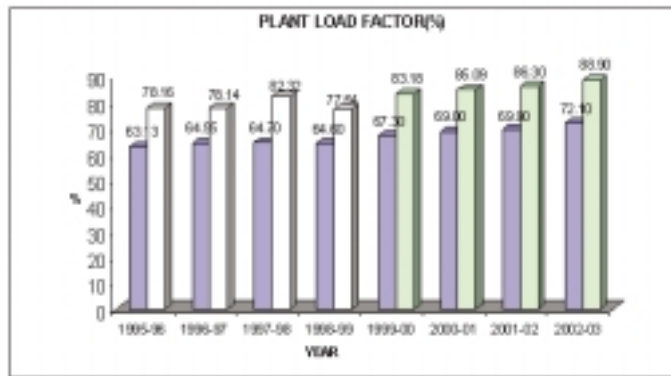
The three thermal power stations maintained by APGenco, viz., Rayalaseema Thermal Power Station (RTTP), Vijayawada Thermal Power Station (VTPS) and Kothagudem Thermal Power Station (KTPS) have taken the top three positions in PLF achieved on a national basis during the last 8 years barring 1999-00 during which RTPP stood second with its all time high PLF achievement of 94.9%.

Auxiliary Consumption

Auxiliary Consumption in APGenco was always within the limits prescribed by the Central Electricity Authority (CEA). However, greater thrust was given for further reducing the Auxiliary Consumption and good results have been obtained. Auxiliary consumption was brought down from 9.25% during 1995-96 to 9.01% during 2001-02. The graph below shows the Auxiliary Consumption by plants run by APGenco and APSEB compared to the all India average indicating its reduction over the years.

Secondary Oil Consumption

Thermal plants in the state have always operated with less secondary oil consumption. By improving performance and bringing down forced outages, specific oil consumption was brought down from 2.43 ml/Kwh during 1996-97 to 0.64 ml/Kwh during 2002-03. The consumption is well below the prescribed norm of 3.5 ml/Kwh and less than the national average.

Overall Heat Rate

Most of the thermal units operated by APGenco are very old. But by taking effective steps like conclusion of fuel supply agreements, sampling and analysis of coal received and optimum control over operating parameters, the overall heat rate was brought down from 2721 Kcal/Kwh during 1995-96 to 2484 Kcal/Kwh during 2002-03.

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Maintenance Tasks

Time taken for major overhauls and other maintenance tasks of power plants has been reduced by proper planning of manpower and material management. Maintenance tasks that normally take 30 days are completed in about 12 days by telescoping tasks and working on three shifts. Computerised condition monitoring system to monitor machine vibrations, rotational speeds, contamination of bearing oils etc has been procured. This portable equipment helps in timely detection of faults and their rectification, before they lead to breakdown of equipment. These initiatives have substantially improved the availability and PLF.

Lessons Learnt

The power sector in Andhra Pradesh has been making steady progress in achieving its cherished objectives. There is a significant improvement in technical, financial and commercial operations of the companies. There has been a marked improvement in consumer related services in terms of Quality and Reliability and the improvement in metering, billing and collection has been significant.

CRISIL/ICRA report on the credit rating of the State power sectors was released in September 2002. Scoring each state on a total of 100 (55 for Business & Financial risk, 20 for State government, 20 for RC and 5 for others), it puts AP on top of the list with 73 marks followed by Karnataka, Rajasthan and Haryana. The ratings were arrived at after assessing issues such as business risk analysis in generation, transmission and distribution activities of the power utilities in various States.

The rating of the sector was also high with reference to the number of employees per 1,000 consumers and per million unit (MU) sold, which is one of the lowest in the country. The drop in the failure rate of distribution transformers as well as the high level of interface metering at utility interface points were also recognised in the rating. The rating recognised the effectiveness of the implementation of law to check power theft and legislative steps taken through the Reforms Act and amendments to the Electricity Bill.

Sustainability and Transferability

These reforms have been taken up in AP out of a sincere concern for the viability and growth of the power sector to meet the needs of the consumers and to promote the State's overall economy. AP has been a pioneer in reforming the power sector and the challenges faced by the State are akin to those faced by the rest of the states in the country. The efforts made in reduction of losses especially through control of theft of energy by implementing stringent punitive measures has become a source of inspiration to other states.

11. Turnaround of Singareni Collieries Company Ltd

Backdrop

Singareni Collieries is the only Coal Company in South India mining coal in Godavari Valley Coalfield in the State of Andhra Pradesh. The Company commenced its operations in 1889 at Yellandu in Khammam District. It was then known as Hyderabad Deccan Coal Company. In 1921 it was renamed as the Singareni Collieries Company Limited (SCCL) and its scrip was listed in the London Stock Exchange. The Nizam of Hyderabad purchased majority shares of the Company in 1945 making SCCL the first Government managed Coal Company in India. The Company came under State control in 1949 and is now jointly owned by Government of Andhra Pradesh and Government of India with equity participation in the ratio of 51: 49.

The Company's accredited function is to explore and exploit coal deposits stretching over a length of 350 km in the Godavari valley coalfields. The Company has proven coal reserves of 8091 million tonnes as on 31st March, 2003 spread over the districts of Khammam, Warangal, Karimnagar and Adilabad of Andhra Pradesh. Coal reserves are of sub-bituminous non-coking type with ash content ranging from 8.3% to 59%. The Company operates 12 opencast mines and 55 underground mines at present. SCCL achieved an all-time record production of 33.24 million tonnes in the financial year 2002-03.

Technology upgradation has received utmost attention in this Company right from its inception with mechanisation being one of key priority areas to reduce human drudgery and improve productivity. SCCL accorded due importance to coal conservation and introduced Blasting Gallery (BG) technology, a special method for extraction of 7-11 m thick seams in underground mines, with French assistance in 1986. Five BG units are in operation in SCCL at present.

Year	Milestones in Technology Introduction
1948	Machine Mining (Shuttle-Car)
1951	Electric Coal Drills
1953	Electric Cap Lamps
1954	Flame-proof Mining Machinery
1975	Opencast Mining
1979	Side Dump Loaders (SDLs)
1981	Load Haul Dumpers (LHDs)
1983	Mechanised Long wall
1986	Walking Dragline in RG OC-I
1989	Blasting Gallery Method
1994	In-pit Crusher Conveyor Technology in RG OC-II

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Situation before the Initiative

In its long history of over a century, SCCL has gone through several ups and downs. The Company has faced many serious problems including:

- Difficult geo-mining conditions leading to high cost of production and low productivity;

- Limited economically viable opencast reserves; high stripping ratios;

- Low quality coal seams with intermittent bands of shale, stone and clay;

- Too many trade unions (98 in number) operating in the Company leading to much industrial unrest and wildcat strikes;

- The mines are located in an under-developed region of the State with naxalite activities causing disturbances.

Due to a combination of the above-mentioned factors, the Company touched its nadir in the year 1996-97 when the accumulated losses crossed Rs.1219 crores.

Pre- Reform Period

The VIII Plan period (1992 to 1997) witnessed one of the worst phases in the history of SCCL. The company was plagued by several constraints during the pre-1997 period.

A. Poor Industrial Relations

The industrial relations scenario in SCCL has been characterised by a number of illegal and wildcat strikes. The average number of strikes during these four years was 446 with a production loss of 1.83 million tonnes per year. This had contributed to gross indiscipline and deterioration in work norms in the company in general and in Bellampalli Region in particular.
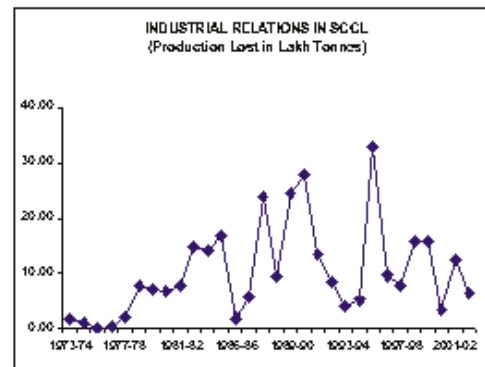
B. Low Equipment and Man Productivity

The pre-1997 period was characterised by low productivity and low equipment utilisation. SCCL made substantial investments for procurement of Heavy Earth Moving Machinery (HEMM) in opencast mines and Mechanised Longwall units in underground mines. The performance of conventional hand section (manual mining) underground mines also suffered.
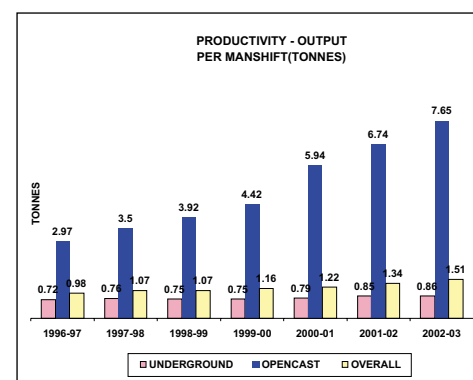
The productivity in terms of overall Output per Man Shift (OMS) in these underground mines was stagnant at around 0.60 tonnes from 1992-93 to 1996-97. The low productivity levels in the mines coupled with the periodical wage increases of workmen through National Coal Wage Agreements resulted in steep increase in cost of production from underground mines.

C. Non-Adherence to Quality Commitments

Marketing of coal with stress on coal quality did not gain due importance in view of huge demand-supply gap. Selective mining and segregation of shale/stone/clay bands present in coal seams of Godavari Valley coalfield was not given due attention. Adequate care was not being taken to ensure supply of the right quality and quantity of coal to the customers.

D. No Outsourcing of Activities

All the operations in the mines and departments were being undertaken with departmental equipment and manpower. No outsourcing of activities was taken up during the early 1990s.

E. Administered Pricing - No Leverage for SCCL

Coal prices were fixed by Government of India upto 1996 and in view of the likely impact of its increase on downstream power, railways, cement and steel sectors, these administered prices were invariably pegged down leaving SCCL with little or no margin. Hike in input costs like wages due to periodical wage revisions under National Coal Wage agreements (NCWA), stores, etc., were also not fully compensated in the annual/bi-annual price revisions by the Central Government.

F. Increase in Stores Inventory

The stock of various equipment components/spares in the Stores increased to a level of Rs.379 crores at the end of financial year 1996-97 from Rs.238 crores in 1993-94.

G. Adverse Capital Structure - Higher Interest Burden

The Company had taken up several mining projects in the 1970s and 1980s with the help of liberal infusion of equity and loans by the Government of India. This was made to step up the coal production for meeting the escalating energy requirements of the country. The increasing loan component and interest costs have resulted in skewed debt-equity ratio which increased from 1.87: 1 in 1973-74 to reach a peak of 3.68: 1 in 1991-92. The Company was unable to service its debt and defaulted on the payment of interest and loan installments due to the Government of India during the VIII Plan period (1992-93 to 1996-97).

H. Burgeoning Power Cost

During the period 1980 to 1990, there was an increase in number of private colonies around SCCL owned colonies in the mining areas especially in Ramagundam and Bellampalli Regions. This was on account of opening up of new mines creating additional employment opportunities. Residents of these private colonies began to tap electric power illegally from SCCL power lines for their domestic and commercial activities. By the late nineties, theft of power reached an alarming level with about 86,000 illegal connections.

Process of Reforms at SCCL

Referral to Board for Industrial and Financial Reconstruction-May 1992

Frequent strikes, law and order problems, low productivity, un-remunerative coal price vis-à-vis cost of production during the period from 1989-90 to 1991-92 affected the financial health of the Company. SCCL became a sick Industrial Company and was referred to Board for Industrial and Financial Reconstruction (BIFR) during May 1992.

As a result of the first Financial Restructuring Package approved by Government of India in March 1994, the Company came out of the purview of BIFR and could post profits of Rs.17.76 crores in 1993-94 and Rs.26.64 crores in 1994-95.

However, the efficacy of the first re-structuring package was greatly undermined due to non-revision of coal prices through timely and periodic revisions after 17.6.1994. A major strike by workmen in 1996 demanding wage arrears resulted in loss of production of 3.2 metric tonnes. SCCL incurred heavy losses of Rs.191 crores in1995-96 and Rs.247 crores in 1996-97. Accumulated losses by the end of the VIII Plan in 1996-97 rose to Rs.1219 crores. Loss of revenue resulted in curtailment of Plan expenditure in the last two years of the VIII Plan.

Stunning Turnaround

The Andhra Pradesh Government took a set of visionary, bold and courageous initiatives, which helped the Company to achieve a stunning turnaround. Structural reforms were the key to the stunning turnaround of the company.

1. Holding Trade Union Elections

Trade Union elections were held in September 1998 for the first time in the history of the coal industry. This put in place a mechanism that enabled managers to concentrate on production and productivity matters more effectively.

2. Transparency in Management

The Company opened Communication Cells for creating a stable platform for continuous interaction with workmen and their families. It disseminated information to its employees through their in-house magazine called "Singareni Vaarthalu" and launched many interactive initiatives that brought about a significant change in the relationship between the management and the workers.

3. Visits by Multi Departmental Teams

Teams comprising of members drawn from various disciplines visit mines, departments and colonies to highlight the performance of the company with special emphasis on the local units to increase awareness.

4. Public-Private Partnerships: Outsourcing of Over-Burden (OB) Removal

- Outsourcing of OB removal was imperative to achieve savings in operational cost and simultaneously increase the resource availability for long term investments and to meet the company's financial and market obligations;

- At present 50% work of OB removal is outsourced and the remaining 50% is done departmentally. The Company has saved about Rs.1610 crores by partially outsourcing OB removal in opencast mines since 1997.

5. Outsourcing of Ancillary Activities

Taking a lead out of the success in outsourcing of OB removal operations the company looked at off-loading ancillary and non-value adding activities. Some of the services outsourced include catering and maintenance of guest houses, ambulances and light motor vehicles like cars, jeeps, etc., sanitation

in workmen colonies, stores, house keeping, loading, unloading and stacking of materials in the stores, distribution of material from stores to various mines and departments, and security services in Hyderabad Corporate Office. Savings on account of this is about Rs.4.36 crores per annum.

Year	Total OB Removal (M.Cu.m)	OB Removal by Company HEMM (M.Cu.m)	OB Removal by contractors (in M.Cu.m)	Savings per Cum of OB Removal	Savings (Rs. In crores) (Rs.)
1997-98	61.06	33.15	27.91	87.65	244.63
1998-99	81.29	35.62	45.67	86.82	396.51
1999-00	72.59	40.48	32.11	64.92	208.45
2000-01	89.66	48.34	41.32	60.48	249.90
2001-02	93.01	48.66	44.35	66.12	293.24
2002-03	103.04	52.20	50.84	42.80	217.59
TOTAL	500.65	258.45	242.20	58.40	1610.32

6. Financial Restructuring Package

The Government of India approved a financial restructuring package in 1999 for SCCL, which included:

- Infusion of fresh equity of Rs.268 crores by the Government of Andhra Pradesh and Rs.257 crores by the Government of India during the IX Plan period from 1997-98 to 2000-01;

- Ten-year interest free moratorium on Rs.663 crores of overdue interest on Government of India loans;

- Waiver of penal interest on interest of Rs.66 crores;

- Rescheduling of GOI loans of Rs.157 crores by two years.

Financial Re-engineering

- Liquidating receivables in form of tradable bonds - Rs.1164 crores in 3 years - interest @ 15 to 12.5 % per annum;

- Higher interest bearing GOI loans (17% and16%) discharged by pledging 13% bonds for 11.75% interest loans (operating costs saving approximately Rs.61 crores over the next 4 yrs).

Cost Cutting Exercises

- Rationalisation of manpower was undertaken by the Company through the introduction of Voluntary Retirement Scheme (Golden Handshake) for certain categories of workmen. Till date 6,265 employees have opted and retired under this scheme. Redeployment of manpower from surplus areas to needy areas was done;

- Energy conservation in mines/townships and reducing power pilferage in colonies has resulted in savings of Rs.22 crores in 2001-02 and Rs.14 crores in 2002-03;

MANPOWER IN SCCL

EARNINGS PER MANSHIFT & WAGE COST PER TONNE
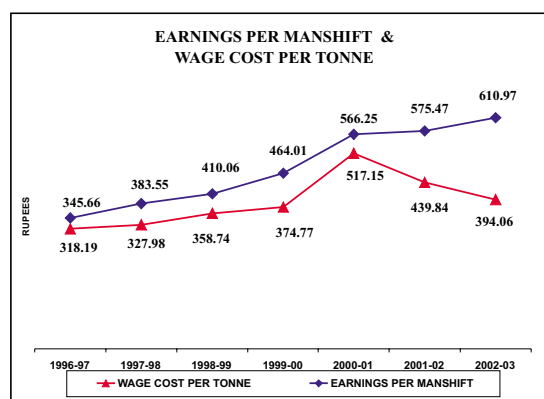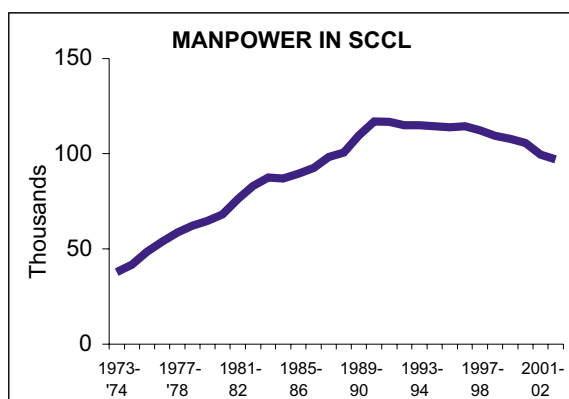
- Inventory reduction of about Rs.30 crores in 2002-03 by adopting rate contracts for spares and fast moving items;

- Reduction of Play-day and Overtime allowance (Savings of Rs.33 crores/year).

7. Technological Measures

Intensive use of IT

- In-house Software Development Group (SDG) comprising trained personnel from various disciplines was constituted to develop department-wise applications;

- Intranet established between Kothagudem, Ramagundam and Hyderabad offices;

- Underground Mine Management System (UGMMS) introduced for the first time in Indian coal industry at No.5B Incline at Kothagudem;

- Opencast Mine Management System (OCMMS) introduced at Manuguru Opencast-II mine;

- Online material management and data on coal marketing introduced;

- Biometric based attendance-recording systems being tried in Hyderabad Corporate Office;

- SCCL has launched its official web site http://www.scclmines.com/. Video conferencing facilities are on the anvil;

- SCCL proposes to introduce Operator Independent Truck Dispatch System using GPS and satellite based communication systems for Heavy Earth Moving Machinery.

Customer satisfaction

- Selective mining has been introduced for separation of clay bands;

- Customer meets have been arranged for getting firsthand details of their needs;

- Joint sampling and electronic weighbridges are being installed to avoid quality and quantity disputes;

- Coal supply agreements with major customers are being entered into with penalties, bonuses and commitments to keep up customer satisfaction and assured demand.

8. HR Strategy

1. Welfare Measures

Enhancement of welfare of workers thereby gaining their confidence has helped in improving their morale and the general industrial relations climate. SCCL undertakes many important welfare measures like providing housing to 47663 employees with more than 53% enjoying housing facility, creation of amenities like 33 employee recreation clubs, 11 stadiums and 10 community halls. SCCL spends Rs.50 lakhs per year for maintenance of these facilities.

WELFARE EXPENDITURE

Rs. CRORES

Year	Value
1996-97	165
1997-98	192
1998-99	229
1999-00	251
2000-01	238
2001-02	277
2002-03	293.05
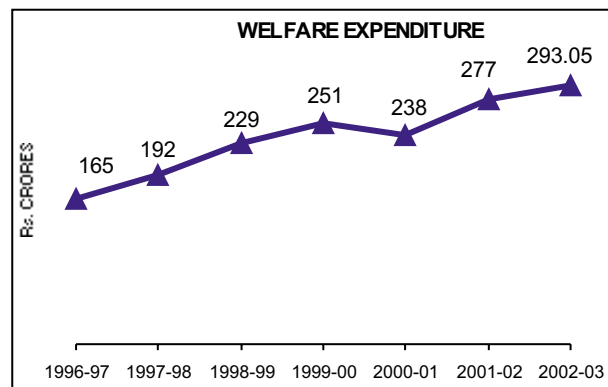
2. Water supply

The Company spends around Rs.30 crores per year for supplying about 22 million gallons of drinking water per day to its colonies and nearby hutment areas.

3. Medical and Health

SCCL administers 7 hospitals with 1008 beds and 43 dispensaries in its mining areas. It spent Rs.49.90 crores for medical care in 2002-03 including Rs.1.84 crores for referral of 3,465 employees or their dependents to speciality hospitals. Construction of a 50-bed hospital at Bhoopalpalli in Warangal District is being taken up.

4. Drainage and Sanitation

SCCL spent Rs.32.14 crores on Special Welfare Amenities Programme (SWAP) from 1997-98 onwards for improving civic amenities like drains, sanitary lines, etc., in workmen colonies. Further, Rs.27.26 crores was provided under SWAP-V for the financial year. 161 Sulabh toilet complexes were constructed at a cost of Rs.6.54 crores in workmen colonies and hutment areas since 1991. Besides, 39 Sulabh toilet complexes are being constructed at a cost of Rs.1.44 crores as per the instructions of the Hon'ble Chief Minister.

5. Community Development Initiatives

"Singareni Seva Samithi" is a social service organisation formed within the company to undertake community development activities for the benefit of unemployed children of employees and bring household transformation in coalfield areas.

9. Innovative Measures and Practices

- Metallon pedestals introduced in underground mines;
- Implementation of Total Productive Maintenance System in OC Mines;
- Condition Based Maintenance of HEMM adopted;
- Mid-life Overhaul/Rehabilitation of HEMM;
- Technical Auditing.

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Best Practices in SCCL

A. SCCL - Environment Friendly

The Company has been playing a proactive role in environmental protection and is making active efforts in integrating Environmental Management as a part of the production process itself. Recently, a full-fledged Integrated Department of Environment and Forestry (DOEF) was put in place for coordination and better thrust on environment related activities throughout SCCL. SCCL has undertaken substantive measures to check degradation of the environment. These include:

- Development of green belts in and around colliery areas to maintain ecological balance and sustained use of natural resources;

- Clonal plantation is being taken up for utilising the timber for internal use, thereby, easing the pressure on the forests;

- Tree planting has been extensively carried out in all mining areas. Tree planting has also been adopted in all residential areas to minimise noise and air pollution;

- Opencast mines are being restored to pre-mining conditions;

- Regular monitoring of the quality of air and water is being carried out in all mining areas to assess the impact of mining on the environment and take corrective steps;

- Before the onset of monsoon, saplings are supplied to all the employees to encourage plantation and social forestry;

- Free LPG is supplied to all the employees, which not only aids in reduction of air pollution but also serves the family;

- Fourteen Effluent Treatment Plants (ETPs/Oil and Grease traps) are taken up for construction for workshops and at present two ETPs (Oil and Grease traps) are already functional at RG OC-I and RG OC-III in Ramagundam;

- Two Sewage Treatment Plants (STPs) have been taken up for two big townships of Manuguru and Srirampur areas in Khammam and Adilabad districts respectively;

- 588 rain harvesting pits have been constructed so far;

- SCCL is maintaining nurseries at Kothagudem, Godavarikhani and Srirampur for raising 675000 saplings of different species - for taking up plantation works in various mining areas of SCCL;

- Back filling and re-vegetation of de-coaled areas in opencast mines is being concurrently taken up with mining operations along with afforestation of permanent external OB dumps. 1536 hectares of overburden dumps were already afforested;

- Trials for Flyash Stowing in place of Sand Stowing in underground mines were conducted at PK-1 Incline in Manuguru Area and has been proved to be successful;

- Vermi-compost pits on pilot case are put to use at Godavarikhani and SCCL Main hospital at Kothagudem;

- Bio-medical waste disposal arrangements, viz., three bin system for segregation of bio-medical waste, disposal of used needles, land fill sites, etc., have been established at all the SCCL hospitals.

B. Fuel Supply Agreements

Coal industry is no exception to the new challenges posed by globalisation and privatisation. In order to meet those challenges and to maintain competitiveness, it is essential to be sensitive to product price, quality, service, and customer satisfaction.

To achieve the above objectives, the Ministry of Coal, Government of India is encouraging coal producing companies and major core customers to enter into "FUEL SUPPLY AGREEMENTS". The various agreed clauses of the agreements spell the commitment from both the sides with bonuses and penalties.

"Supply of Committed Grade/Quality and Quantity of Coal Uniformly and Consistently to the Customers over the Agreed Period at Competitive Prices".

Earlier there were frequent complaints about the quality of coal supplied and short receipt of coal from the consumers. In order to satisfy the customers and to ensure that the quality and quantity of coal delivered to the customers is proper, SCCL had entered into Fuel Supply Agreements (FSAs) with some of the major consumers.

FSAs for the first time were entered with major cement plants in 2002-03 apart from thermal powerhouses. FSAs now cover almost 91% of the annual coal dispatches of the Company. Customers have expressed their satisfaction with the coal supplies made under FSA with joint sampling protocol.

C. Safety Measures in SCCL Mines

The Company has taken a proactive role to improve the safety record in its mines. The Policy is "SAFETY FIRST, SAFETY ALWAYS, SAFETY FOREVER". The steps taken include:

- Standardised roof bolting support system;

- Training gallery established in each underground mine for giving training on roof bolting activity to the support-men;

- Video cassettes/CDs and pamphlets on "Safe Practice of Roof Bolting" were prepared and supplied to each mine;

- In every mine, Safety Pledge is being administered daily to all the workmen at the beginning of each shift;

- Burrakathas, Voggukathas and other playlets on safety matters are being staged in the mines as well as at colonies to improve safety awareness among employees;

- Safety Audit Cells at area level, at region level and at corporate level have been formulated involving union representatives and mine officials to monitor the safety levels at the mines;

- Help from the press and local Siticable has also been solicited and taken to promote safety education and encourage safety awareness among the employees;

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- Manriding systems are being introduced in 5 underground mines in addition to the existing 10 systems to improve the comfort levels of the workmen. Introduction of 5 more systems is on the anvil;

- Risk management plans were prepared for mines identified as accident prone in consultation with the Directorate of Mines' Safety. Preventive steps are being taken in these mines as per the DGMS approved plans.

Achievements

At the end of March 1997, SCCL had accumulated losses to the tune of Rs.1,219 crores. Since then, the Company has made a dramatic turnaround posting profits for the sixth consecutive year in 2002-03 and posted a provisional net profit of Rs.139 crores in the financial year 2002-03.
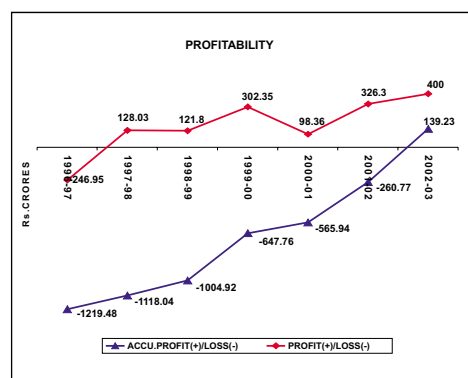
Significant achievements in key areas in the post 1997 period (2002-03) as compared to pre-1997 period (1996-97)

Sl. No.	Particulars	Units	Pre-1997 (1996-97)	Post-1997 (2002-03)	Gain/ Reduction (%)
1.	Coal Production	M.T.	28.734	33.236	(+) 16%
2.	Coal Dispatches	M.T.	28.838	33.370	(+) 16%
3.	Overall Output per Manshift (OMS)	Tonnes	0.98	1.51	(+) 54%
4.	Manpower	Nos.	1,14,486	97,053	(-) 15%
5.	No of Strikes	Nos.	310	35	(-) 83%
6.	Turnover	Rs. in crores	2114	3689	(+) 75%
7.	Gross Investment	Rs. in crores.	3339	4115	(+) 23%
8.	Earnings per Manshift	Rs.	345.66	679.86	(+) 97%
9.	Welfare Expenditure per employee	Rs.	14,402	30,195	(+) 110%

Other Significant Achievements in the year 2002-2003

For the first time in the thirty year history of All India Rescue Competitions, SCCL Team bagged the overall 1st place for the year 2002-03 in the National level competitions held at Sitarampur (Eastern Coal Fields Limited) in West Bengal. The Company also got the following prizes:

- Best Rescue Team

- Best Rescue Team Member

- Best Team in Rescue and Recovery

- SCCL bagged 3 of the 14 National Safety Awards (Mines) in 2002.

Longest Accident Free Period (Underground Mines)

     Winner: KK-5 Inc, Mandamarri Area

     Runner-up: GDK-5 Inc, Ramagundam-I Area

Lowest Injury Frequency Rate (Underground Mines)

     Winner: SRP-2A Inc., Srirampur Area)

- SCCL participated for the first time in the "International Trade Fair on Mines, Minerals and Metallurgy" held at Pragati Maidan, New Delhi in September 2002. The Company stall bagged the first prize for 'Design and Concept' out of about 74 exhibitors from India and abroad.

- The SCCL stall received the first prize for 'Best Innovative Display' in Indus Expo 2002 held at Hyderabad in December 2002.

- During the year 2002-03, SCCL commenced coal production in two mining projects, viz., KTK-3A incline in Bhoopalpalli and Kothagudem Opencast Project in Yellandu Area with a projected coal production capacity of 1.00 million tonnes per year. GDK-6B IGM Blasting Gallery Project with an annual production capacity of 0.30 million tonnes commenced coal production in 2002-03.

- As a welfare measure to reduce the drudgery of workmen walking to the work place, the Company has commenced works in October 2002 for installation of Manriding systems in five underground mines, viz., KK-1 incline in Mandamarri Area, RK-7 and RK-NT in Srirampur Area, GDK-5 and GDK-6B in Ramagundam-I area at a total cost of Rs.11.55 crores.

- During 2002-03, proposals were approved for installation of five more Manriding systems at a total capital cost of Rs.11.05 crores.

- The Company introduced Surface Miner for the first time in Kothagudem Opencast Project of Yellandu area. This technology has been introduced for selective mining to improve the quality of coal despatches to Kothagudem Thermal Power Station.

Lessons Learnt

SCCL will continue to play a proactive role for maintaining its strategic leadership in the coal sector by taking the following measures:

- Further improving industrial relations - (eliminate strike culture and increase production, productivity levels and welfare of workmen);

- Adoption of appropriate technologies for reducing cost of production;
- Making use of modern technology - GPS/GIS and Information Technology for better management of resources;

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- Taking steps to increase customer satisfaction by supplying shale/stone free coal with consistent quality;
- Care for the environment.

Agenda for Future

SCCL is poised to meet the challenges of increasing global competition and meet the requirements of its core consumers and other small industries in its hinterland through

- possible reduction in import duty of coal;
- rationalisation of railway freight rates;
- improvement of Port Infrastructure enabling enhancement of handling capacity to receive more imported coal;
- tightening environment stipulation regarding ash content, stricter implementation of Kyoto Protocol, which will discourage use of coal to reduce emission of Greenhouse Gases;
- discovery of gas reserves in Krishna-Godavari Basin in Andhra Pradesh and its implications on the Power Sector in India in general and in AP and southern states in particular;
- improvement of performance of underground mines.

The company is also extending investment opportunities by cooperative alliances in the following areas through joint ventures, leasing, risk/profit sharing basis.

- Partners to set up power plants through joint ventures;
- Faster mechanised drivage of tunnels;
- Sinking of deep shafts for hoisting of coal, workmen and material;
- Coal production by Longwall equipment for deeper deposits;
- Dry de-shaling/de-stoning technology to improve the quality of coal.

SCCL looks forward to join hands with worthy equitable partners in its pursuit of excellence.

Sustainability

Estimation of the demand and expansion needs in every plan period based on the Planning Commission and Government of India projections and short and long term plans in technological aspects are the key for sustaining the initiative further.

Transferability

The whole strategy of Singareni Collieries can be adapted by other public sector undertakings. The key considerations should be establishment of an effective communication channel between the management and the employees, holding of trade union elections to pave way for peace, computerisation so as to increase transparency, use of mechanisation, introspection and reduction of inventory level, identification of core and non-core activities and outsourcing such non-core activities. With renewed vigour, a supportive government, efficient management and hardworking force, SCCL is at the doorstep of a bright future.

12. Outsourcing of Local Government Services

Backdrop

Complexities of municipal management in the wake of increasing urbanisation and consequent urban growth as also the rising expectations of the local communities from municipal governments, has been compelling city governments to adopt innovative management systems for enhancing the effectiveness, efficiency and responsiveness of municipal governments. To meet this challenge, municipalities are looking for alternative and creative ways of delivering high quality service to all residents in a short period. At the same time, they need to maintain financially viable systems in medium and long term. This could have numerous consequences for delivery mechanisms ranging from reforming management practices to more far reaching privatisation arrangements.

In outsourcing, municipalities purchase services under contract from a private firm, but retain accountability for the service.

Successful outsourcing is based on the premise that better quality and more extensive infrastructure delivery can be achieved by involving the private sector in selected infrastructure services rather than attempting to transform public sector institutions. A public-private partnership must be built on the core competencies of the partners in order to minimise costs and increase the quality of goods and services.

Thus **outsourcing is beneficial** in the following aspects:

- Better ability to keep pace with ever changing technology
- Flexibility and scalability
- A strong foundation for eGovernance
- Ability to enhance responsiveness, customer service and satisfaction
- Best business processes and practices
- Optimising the allocation of existing resources
- Cost savings and cost controls
- Better information for management decision-making
- Continuous improvement with new ideas and service offerings

A key feature of municipal reforms in Andhra Pradesh has been the engagement of the private sector to carry out some basic municipal services through outsourcing agreements. On an average, in 108 ULBs, 31% of civic services are privatised like lifting and transportation of garbage, night sanitation, desilting of drains, maintenance of street lighting, maintenance of parks and annual exhibition, finalisation of accounts, collection of advertisement tax, etc. Outsourcing of civic services has improved from 20% to 31% in 2002-03 when compared to 2001-02.

OUTSOURCING OF SANITATION

ULBs with Outsourcing: 108
Percentage of Civic Services
Outsourced
2001-02   20%
2002-03   31%

165 DWCUA Groups participating in 75 ULBs

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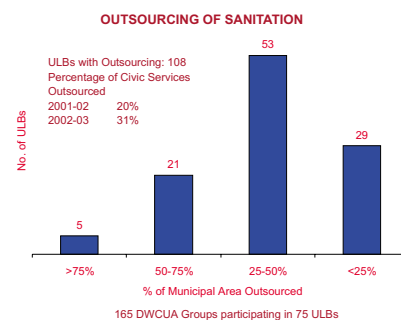
Situation before Outsourcing

The practice of outsourcing civic services has come into force from 1998-99 on a large scale. The urban local bodies faced a lot of problems prior to outsourcing:

- There were regular complaints regarding the quality of service provided by the urban local bodies;

- Lack of discipline in the staff and poor monitoring and supervision led to poor quality of works;

- Regular work was hampered due to unnecessary interference by trade unions;

- Many times proxy workers reported for duty in place of the regular workers. The municipality was unable to take any administrative steps because of the trade unions. These proxy workers worked for 2-3 hours. Thus delivery of services was not proper and there was loss of municipal funds as value for money was seldom realised;

- Parks and playgrounds presented a sorry state;

- Improper night patrolling, lack of coordination between the electrical and municipal staff, improper planning and lack of inventory led to only about 80% of the street lights functioning during the night. In smaller municipalities, the situation was worse with about 30% of the lights not functioning for weeks together;

- In transportation of drinking water from the ULBs to un-served areas through water tankers, there was pilferage and mis-utilisation of funds by wrong recording of the number of trips made.

The Adopted Process for Outsourcing

The outsourcing processes followed in the Urban Local Bodies in Andhra Pradesh are as sited below:

1. Use of Unit Rate System as done in Municipal Corporation of Hyderabad

The Municipal Corporation of Hyderabad has introduced the Unit Rate Contract System with a view to improving the quality of public works by private contractors. The Corporation has about 1500 registered contractors, who are eligible for tendering for municipal works. Earlier, certain groups among the contractors used to form cartels, bid low rates for as many works as possible, get works allotted to them based on lowest tender norm, create a monopoly, and resorted to malpractices like delay, pressure-building and litigation. This resulted in poor quality of work and prolonged court cases. To address the problem, the Municipal Corporation has introduced the Unit Rate System. For different types of works, open tenders are called for constituent work components. The rates quoted by contractors for each component are compared and unit rate for the same is arrived at taking the minimum amount quoted as the unit rate. Thus, if a work has components A, B, C, D, etc., the basis of work allotment under the standard tendering system and unit rate system will be as follows:

Standard Tendering System   :   Minimum (A+B+C+D+....) for each work

Unit Rate System   :   Min (A) + Min (B) + Min (C) + Min (D) + ..
                             for a standard work - to be applied to all similar works
                             with pre-qualified or empanelled contractors selected on
                             lottery basis or by a Committee

Under the unit rate system, contractors are allocated works in turn on lottery basis. Thus, no single contractor is in a position to monopolise as his turn returns only after all the registered contractors in the queue get a chance. Contractors executing low quality work are blacklisted and are not allowed to participate in the unit rate process.

The Municipal Corporation of Hyderabad follows the unit rate system for the vast number of small homogeneous local works. For the small number of major works, the procedure of National Competitive Bidding is chosen. The unit rate system has given a blow to the monopoly and blackmailing practice of some local contractors. It has also contributed to improvements in work quality and savings by minimising the cost of notifications in newspapers.

2. Calling for open tenders through proper advertisement. In appraising tenders or bids the factors of quality, suitability, reliability and services are taken into account. The best possible bid is selected.

3. Community contracting is a novel scheme implemented by the Municipal Corporation of Hyderabad. The women's groups are the direct contractors to the Corporation and they no longer operate through middlemen. As stipulated by the scheme, the women organise themselves into a thrift and credit group, which decide on the monthly amount to be saved per family. Group savings are used to mobilise credit from banks for members to take up income generation activities and to meet family exigencies.

4. Contracting out directly to cooperative societies formed by dependents of municipal sanitary workers.

5. Entrusting the work to the public in the area by encouraging them to take up door-to-door collection of garbage by appointing their own sanitation workers. This scheme was also started by the MCH. The municipality provides a tricycle, costing Rs.4500 (about $100), free of cost, to a colony/group of 100-150 houses. The latter engage a rag picker for collecting the garbage from their doorsteps every day and pay him @ Rs.10 per household per month. By adopting this scheme, the people get a garbage-free locality and a poor rag picker gets gainful employment. This scheme is called Voluntary Garbage Disposal (VGD) scheme. The erstwhile garbage bins from VGD colonies are removed and the collected garbage is deposited at one convenient spot by the tricycle rickshaw puller. Prompt and timely lifting of this garbage by MCH vehicles is ensured every day. Currently about 500 Resident Welfare Associations (RWAs) have adopted this scheme and are operating about 700 tricycles.

Impact of Outsourcing

- Reduction in Establishment Expenditure: As a result of privatisation of civic services, expenditure on establishment has reduced on an average from 37.92% to 24.87% of the total expenditure;

- Quality of civic services has improved to the best satisfaction of the public in the areas privatised;

- Realisation of value for money spent;

- People's participation in administration is ensured;

- Improvement in the image of the urban local bodies;

- Effected lot of savings in the Municipal expenditure on civic services.

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Year	Pay and Allowances of Municipal Staff	Total Expenditure (Rs. in lakhs)	% of Pay and Allowances to Total Expenditure
1992-93	11225.83	29601.41	37.92%
1993-94	12905.59	36165.92	35.68%
1994-95	14511.77	40932.29	35.45%
1995-96	15815.49	43943.24	35.99%
1996-97	17543.60	52273.71	33.56%
1997-98	19064.92	62618.55	30.45%
1998-99	21968.59	75245.96	29.20%
1999-00	25563.74	97793.51	26.14%
2000-01	30739.09	97568.14	31.51%
2001-02	31407.86	117650.56	26.70%
2002-03	35045.63	140894.21	24.87%

Some of the Outstanding Practices in Outsourcing in Specific Cities are as follows:

1. Privatisation of Sanitation — the case of Municipal Corporation of Hyderabad

The Municipal Corporation of Hyderabad is the first Corporation in the country to adopt a unique system of privatisation of sanitation called the "Unit System." Under this system, the entire area of Hyderabad is divided into uniform units for sweeping and garbage lifting purposes. Each uniform unit has a sweepable road length of 7-9 km. and garbage generation to a tune of 7-8 metric tonnes. The cost of sweeping the entire area in the unit and lifting the entire garbage is calculated by MCH based on the engineering schedule of rates and the unit cost is determined. The units are allotted to different pre-qualified contractors, invited through an open notification, at the same cost, on a lottery basis. The performance measurement and monitoring systems are very strict with the provision of heavy penalties for non-performance. As of today, about 60% of garbage sweeping/lifting in the city is privatised. In the MCH, the sanitation contract has been assigned to 14 DWCUA Self-Help Sweeping Groups. Tipper lorries have been provided to 8 groups with bank loan assistance. Further, community sanitation has also been introduced in 299 slum areas involving the local Self-Help Community based organisations where MCH has provided 840 tricycle rickshaws free of cost under Voluntary Garbage Disposal Scheme.

The outsourcing of sanitation in unit rate system is simple and has proved advantageous as compared to the conventional tender system due to the following reasons:

(1) The possibility of some tenderers quoting very less rates, bagging the contract, forming a cartel and later not performing well is eliminated;

(2) A healthy competition is generated among different contractors as the units are uniform, the contractual amounts are equal and specifications in the unit cost are clear;

(3) The monitoring is scientific with both quantity and quality indicators adopted for gauging performance. The unit contractors give an undertaking to follow the unit specifications and abide by the performance requirements;

(4) Heavy penalties including termination of contract are contemplated for non-performance based on objective considerations;

(5) Good and performing contractors who fail to obtain work on contract basis are kept on waiting list so that they can be assigned units in the event some contracts are terminated or special units are created.

In the Municipal Corporation of Hyderabad, 75% of the city sanitation is privatised covering more than 31 lakh population effecting a saving of 25% on expenditure.

As a result of privatisation of civic services, expenditure on establishment has reduced on an average from 45.21% to 23.89% of total expenditure.

Year	Pay and Allowances of Municipal Staff	Total Expenditure (Rs. in lakhs)	% of Pay and Allowances to Total Expenditure
1992-93	2774.00	6136.32	45.21%
1993-94	3467.86	9651.39	35.93%
1994-95	3754.70	11767.53	31.91%
1995-96	4206.38	11072.81	37.99%
1996-97	4734.67	12284.03	38.54%
1997-98	5109.88	17114.33	29.86%
1998-99	5949.16	19444.18	30.60%
1999-00	7087.42	24603.25	28.81%
2000-01	7827.40	31324.44	24.99%
2001-02	7814.02	40478.22	19.30%
2002-03	10003.43	41868.25	23.89%

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2. The Zero Garbage Concept - The case of Guntur Municipal Corporation

Guntur Municipal Corporation consists of 45.7 sq km. with 3400 km. surface (open) drains and 1600 km. of roads. The population of Guntur Municipal Corporation as per 2001 census is 5,11,993. The city generates 350 MTs of garbage daily. Guntur Municipal Corporation is maintaining sanitation to the satisfaction of the public and throughout the year, the Corporation is maintaining the city as "garbage free city".

Cleaning of roads and drains

The sweeping of all main roads, market places and extension areas is being done daily by 1171 private workers and thus the privatisation of sanitation is done in 60% of the city area. The lanes and by-lanes are swept by 788 permanent workers and the area covered by permanent workers is only 40%. The total expenditure comes to 71.78 lakhs. Had the Corporation engaged permanent employees, the expenditure would have risen to 100.81 lakhs. By privatising the sweeping and drain cleaning in 60% of the city area, there is saving in expenditure by Rs.29.03 lakhs per month.

Garbage lifting

Garbage lifting is being done daily by 35 tractors. Of these 35 tractors, 34 have been engaged on contract basis, covering 97% of the work, and one municipal tractor does 3% of the work. The total expenditure per month is 9.84 lakhs. Had the Corporation engaged municipal tractors, the expenditure would have been Rs.19.60 lakhs. By privatising garbage lifting, the saving in expenditure to the Corporation is Rs.9.76 lakhs per month. Thus, the total saving per month to the Corporation by privatisation is Rs.38.79 lakhs.

Garbage Collection at the Doorsteps of the People

The Corporation has introduced 190 tricycles during the last one year, to collect domestic garbage in two bins, red and green. Biodegradable garbage is being collected in the Green bin and the rest of the refuse into the Red bin at the doorsteps of the public. The biodegradable garbage is utilised for vermi-composting. This activity prevents the households from throwing their solid waste on the streets and drains and prevents the overflowing of drains.

3. Collection of Advertisement Tax - Vijayawada Municipal Corporation:

The collection of advertisement taxes was privatised during the financial year 2002-2003 in this Corporation.

By privatising the collection of advertisement tax, the collection has gone up from Rs.78 lakhs to Rs.1.00 crore 63 lakhs. The town planning staff is relieved from the additional burden of collection work and can concentrate on developmental works like road working, encroachment-removal, controlling of unauthorised construction, etc.

Vijayawada Municipal Corporation
Trend in Advertisement Tax Revenue: The Effect of Outsourcing

Rs. in Lakhs

Year	Value
1991-92	25
1992-93	30
1993-94	35
1994-95	35
1995-96	40
1996-97	50
1997-98	52
1998-99	50
1999-00	71
2000-01	70
2001-02	75
2002-03	78
2003-04 (after Outsourcing)	163
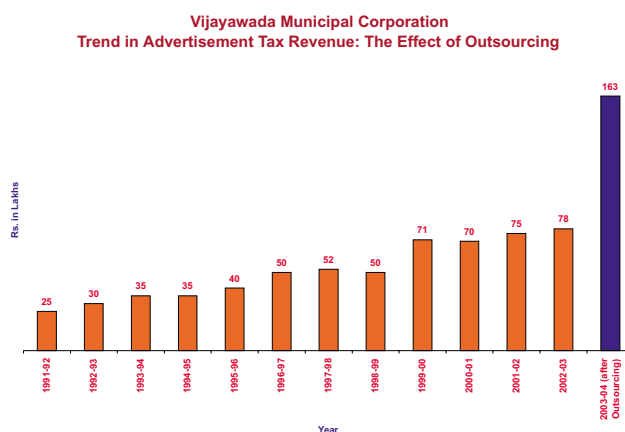
Year

4. Bringing Life into Dead Investment - The experience of Visakhapatnam Municipal Corporation

Visakhapatnam Municipal Corporation (VMC) has constructed 20 Kalyanmandapams (Community Halls) over the years with an average unit cost ranging between Rs.10 to Rs.20 lakhs. The state of the Kalyanmandapams showed a very dismal picture - most of them crying for want of maintenance, lack of sanitation and unhealthy conditions prevailed all over. Most of the Kalyanmandapams instead of being a source of revenue for the corporation, proved to be a major drain on its scanty resources.

In order to rectify this and see that the Kalyanmandapams provide material returns, VMC decided to privatise their maintenance. The corporation went for a tender-cum-open auction for all the Kalyanmandapams after setting a few conditions like:

- The daily rent for each of the halls were fixed so that the private party does not charge more and is unable to fleece the citizens;

- The tender-cum-open auction was conducted for a non-refundable goodwill amount wherein the highest bidder could participate through the open auction or in the closed tender and whichever gave more return to the corporation was considered;

- Conditions with respect to payment of goodwill amount and earnest money deposit were also enforced. The lease period was initially fixed for three years, which can be renewed for another three years after paying 33.33% excess over the existing amount. All the incidental expenses pertaining to water supply, sanitation, electricity, repairs and maintenance were to be borne by the successful bidder.

VMC was able to lease out its Kalyanmandapams and earn non-refundable goodwill amount. The total goodwill amount of Rs.80 lakhs was collected out of 18 Kalyanmandapams leased out. Besides, VMC was also able to relieve itself of all burdens and liabilities related to the maintenance cost. The arrangement also proved beneficial to all the stakeholders, particularly the citizens, who will get better and well-maintained Kalyanmandapams, and the Corporation would cover to some extent its investment and avoid further drain on its scanty resources and the private bidder would get a business opportunity.

(Rupees)

Sl. No.	Name of the Kalyanamandapam	Total Revenue Earned	Total Expenditure	Profit/ Loss per Year	Bid Amount
1	Potti Sriramulu	115000	255589	-140589	86000
2	H.G. Anglo India	66000	133560	-67560	80000
3	Sailada Pydithalli	201600	396636	-195036	580000
4	Dr. B.R. Ambedkar	121000	218994	-97994	331000
5	Dibbalapalem	16800	70857	-54057	—
6	12th ward	18400	93913	-75513	35000
7	Bheemnagar	22000	114569	-92569	63000

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(Rupees)

Sl. No.	Name of the Kalyanamandapam	Total Revenue Earned	Total Expenditure	Profit/ Loss per Year	Bid Amount
8	Balbhavan	16000	96573	-80573	63000
9	Swamy Vivekananda	282000	1105786	-823786	1275000
10	Dondaparthy	18000	113341	-95341	600000
11	Parvathi	522000	842567	-320567	1515000
12	MA Kalam Azad	520000	771998	-251998	1535000
13	Venkateswara	20000	72857	-52857	90500
14	Sanjeevayya colony	20000	108769	-88769	161000
15	Bishop K.M. Das	78000	202114	-124114	400000
16	Madhava swamy	123000	312738	-189738	505000
17	Srilaxmi	1800	72573	-70773	37000
18	Gullalapalem	51000	174597	-123597	100000
19	Gudivada Appanna	56000	140035	-84035	170000
20	W Chand Hirachand	60000	1006980	-946980	105000
	Total	2328600	6305045	-3976445	7731500

5. Street Light Maintenance - the experience of Visakhapatnam Municipal Corporation

Complaints regarding non-functioning streetlights had no end. Sometimes the non-availability of material and at some other times lethargy of staff used to be an oft-repeated excuse. The VMC had to overhaul the system of street light maintenance and undertook a comprehensive system study and improvement exercise to improve the functioning of the streetlights in the city.

The Municipal Corporation has over 25000 tube lights, about 9000 SV lamps and over 200 odd high mast lights spread all over the city. The street lights were being maintained by the electrical wing of the Municipal Corporation headed by an Executive Engineer with a Deputy Executive Engineer, 3 Assistant Engineers, and 3 Work Inspectors supported by 100 odd electricians and helpers working at the field level. A look at the expenditure incurred to maintain the street light system brings out the following details:

Approximate yearly expenditure during 1999-2000:

01.	Cost of materials	...	Rs.90.00 lakhs
02.	Repair costs	...	Rs.50.00 lakhs
03.	Staff salaries and O and M	...	Rs.50.00 lakhs
04.	Electrical and other contingencies	...	Rs.15.00 lakhs
	Total		**Rs.205.00 lakhs**

This indicates that approximately an amount of Rs.2 crores was spent for the maintenance of streetlights; maintenance that can only be termed shabby and poor, to say the least.

In order to come out of this it was decided to outsource the entire activity. The first task was to arrive at appropriate unit costs so that the estimated rates could be fixed and tenders called for. The unit costs were arrived at by considering the average life of the lights in their present state, discounting the vagaries of nature and street behaviour, building in the labour and contingent component in addition to the prevailing taxes.

Tenders were called asking for bids and it was agreed that the maintenance contract would be given out for a period of three years provided the party satisfies the conditions stipulated by the Municipal Corporation. It was also stipulated that payment would be made on quarterly basis after the satisfaction of the Municipal Corporation authorities. The satisfaction would be arrived at by ensuring that at least 95% of the street lights in the particular wards were burning at a given point of time when the inspection every month gets jointly carried out by the bidder and the Municipal Corporation. After receipt of the tenders, the total tender amount has come down to Rs.1 crore approx. The outsourcing of the street light maintenance has therefore yielded following advantages:

- There is an outright savings of Rs.1 crore in comparison to the present state of expenditure. This is addition to the fact that now the streetlights are functioning at the optimum level;

- Expectancy of better maintenance, better vigilance, responsibility and accountability;

- The redundant staff will get redeployed to water supply and electrical sections thereby reducing the expenditure currently incurred on contract labour;

- The Municipal Corporation's executive staff will also get freed from the administrative and managerial efforts associated in the current system;

- There are distinct working capital savings as there would be no need for maintenance of inventory and electrical stocks;

- Minimising of material pilferage and freeing of the office space used for keeping such stocks.

This experience of outsourcing of the streetlight maintenance has proved to be a trendsetter of sorts for VMC.

6. Preparation of Accounts - The example of Rajahmundry Municipal Corporation

Preparation of annual accounts is entrusted to private unemployed youth in this Corporation. A total of 15 persons were engaged with a monthly payment of Rs.1500/- per each candidate on a contract basis. This cost around Rs.22,500/- per month and Rs.2,70,000/- per annum. If permanent employees were to be engaged, 15 Junior Assistant cadre persons were required. The average salary of an Assistant is Rs.6,000/-. This results in an expenditure of Rs.10,80,000/- per annum. So the total annual saving is around Rs.9,10,000 per annum.

On the other hand, the working hours of private employees are more than that of permanent employees. This also results in greater efficiency. Also the attention of permanent employees could be diverted for redressal of public grievances of the Revenue Department.

7. Privatisation of Sanitation Work - The example of Rajahmundry Municipal Corporation

Privatisation was introduced for sanitation works in the city. A total manpower of 971 exists to deal with the sanitation works within the city limits, out of which, 411 private persons were engaged, i.e., 42.32% of sanitation works is privatised and the permanent employees were limited to 560 only. This not only improved sanitation conditions but on the other hand resulted in lot of financial savings.

If permanent employees are engaged, an average monthly salary of Rs.5000/- has to be made available. For 560 members, the total average salary required annually is Rs.3.36 crores, whereas for private workers the annual salary is around Rs.0.73 crores. This has given a net saving of Rs.1.72 crores per annum to the corporation. The percentage of savings due to privatisation is around 40%.

Privatisation of vehicles

30 private vehicles have been engaged for sanitation work in the city. The payment for these private vehicles includes the driver's salary, oil charges, wear and tear and also workers on that vehicle. The average payment to one vehicle is Rs.800 per day. This amounts to an annual expenditure of Rs.86.40 lakhs.

On the other hand, if Corporation vehicles were to be used, 30 drivers are to be appointed at an average salary of Rs.6000 per month. This would amount to Rs.21.50 lakhs annually on drivers' salary alone. In addition oil bill @ 12 ltrs per day per vehicle costs Rs.26 lakhs. The workers' wages comes to around Rs.72 lakhs per annum. In addition, wear and tear charges, taxes, etc., will cost Rs.8.00 lakhs. This accumulated to a figure of Rs.128.00 lakhs. Without a doubt privatisation has made a significant difference. An amount of Rs.42.00 lakhs is being saved by the Corporation annually.

Night sanitation

2 groups were engaged for night sanitation work with 2 tractors and 40 members. The total annual payment was Rs.8.4 lakhs. If the Corporation had to take up his work on its own, the cost of vehicles and salaries of permanent employees would amount to Rs.27.5 lakhs. Hence, there is net saving of Rs.19 lakhs.

8. Maintenance of Parks and Exhibition Grounds - The example of Kakinada Municipality

The maintenance of three parks was privatised. Due to privatisation of Janmabhoomi Park, an annual income of Rs.1 lakh is being realised besides eliminating the financial burden on the Municipality. Two other parks - Gandhi Park and Housing Board Colony Park - were also privatised due to which the quality of recreation has improved tremendously.

The annual exhibition was being maintained by the municipal staff till 1996 and it was handed over to private agencies from 1997 onwards. The annual income before privatisation was only Rs.1.08 lakhs which increased to Rs.18 lakhs per annum as of now.

Main Advantages and Disadvantages of Outsourcing

Advantages	Disadvantages
Savings	Difficult to select best supplier
Access to specific expertise	Loss of control over the activity contracted out
Alleviation of constraints arising	Negative impact on labour relations from collective agreements
Improved ability to adapt to change	Irreversibility of the decision to contract out
Reduction of payroll	Difficult to monitor the contract

Lessons to be learnt

Co-existence of public and private agency creates a healthy competitive spirit providing better service to the public. Municipal funds are also used prudently and optimally.

Sustainability

The sustainability of the scheme in the long run will depend on the support from the Government through its policy directives, the support of the Municipal Council and also on its acceptability to the citizens.

Transferability

Outsourcing of municipal services is a developing trend, touted by some as the answer to a municipality's financing and environmental needs. However, since most of the experience in this area is relatively recent, it is too early to declare the idea a success. Nevertheless, selecting the right company and drafting a contract that addresses the many environmental, pricing and technical issues can go a long way towards shaping the success of the process. The prudent government will carefully analyse local government operations, clearly define goals and proceed with the process only if its goals can truly be met by outsourcing. Given the support of the Government, the best practice of one Urban Local Body can be studied in detail and replicated in others.

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13. Self Assessment of Property Tax - The Case of Municipal Corporation of Hyderabad

Background

Property tax has been recognised as the most appropriate tax handle for local governments. It is the principal source of revenue in urban local bodies virtually in every part of the world (Dillinger, 1991). In terms of desirable criteria for choice of municipal tax, property taxes are ideally suited for assignment to and administration by the municipalities, being taxes on immobile land and buildings. Further, they belong to the class of general benefit taxes. They are indirect user charges for municipal services whose benefits are collective. Sometimes, property taxes are divided into components such as water tax, drainage tax, conservancy tax, lighting tax, fire tax, street tax, and general tax.

In India, after the abolition of Octroi, Property Tax has emerged as the principal source of revenue. Property Tax may bristle with problems but it continues to be important and has the potential to yield far higher revenues. Appropriate changes in the system and a will to implement the changes can provide the much needed finances for local service delivery. Hence, the urgent need for Property Tax reform. Hyderabad Municipal Corporation too suffered from tax collection problems prior to the introduction of self assessment of property tax.

The Hyderabad Municipal Corporations (HMC) Act prescribes the tax base for property tax to be a tax on land and building. This has been arrived on the basis of annual rental value. The Municipal Corporation of Hyderabad collects property tax under the following components: (a) General Tax; (b) Conservancy Tax; (c) Drainage Tax; (d) Lighting Tax; and (e) Library Cess. Vacant space on a property that is in excess of three times of the built-up area is taxed at 2% of the market value.

Situation before the Practice

General revision of property tax as contemplated under the HMC Act, 1955 was not done in various tax circles of the Municipal Corporation of Hyderabad for the past few decades on account of several reasons:

Circle	Tax Not Revised (in years)
Circle 1	19
Circle 2	19
Circle 3	23
Circle 4	21
Circle 5	21
Circle 6	17
Circle 7	20

Due to non-revision of tax for a long period, the property tax system in Hyderabad became iniquitous, with large vertical and horizontal imbalances. Property owners continued to pay taxes at rates levied

decades ago. A large number of properties, including additions and alterations to old buildings and new constructions were not in the tax net for decades before 1999. There were gross inequities in the property tax system. Large tax differentials existed between similar properties in similar locations with the same land use. There were large number of exemptions and concessions. All these resulted in heavy and continuing financial loss to the Municipal Corporation of Hyderabad. There was also a growing discrepancy between the cost of civic amenities and property tax collected with the major brunt of taxation being borne by residential property owners.

The total number of assessments in the Twin Cities was only about 4.1 lakhs in 1998-99 with total current demand of about Rs.490 million as against an estimated number of about 6 lakh tax payers.

Earlier attempts to rationalise and improve the property tax base made by the Municipal Corporation of Hyderabad were caught in legal problems. Slab rates of tax per square foot of plinth area were fixed during 1992-93 for broad types of properties located in different zones and devoted to different uses. But the scheme could not be implemented for 7 years due to ongoing litigations. After the court case was completed, it was thought that earlier the litigation was on the slab rates fixed but the possibilities of new litigation on case by case basis could not be ruled out. Fears of prolonged litigation and the locking up of potential taxes left the Corporation with no alternative but to go in for the scheme of self assessment of property tax by tax-payers.

Details of the Practice

Keeping in view the lessons from successful tax reform exercises elsewhere and without offending the litigation pending, the Municipal Corporation of Hyderabad introduced the scheme of Self Assessment of Property Tax during 1999-2000.

The objective of the scheme, which was introduced in 1999, was to prevent loss of revenue and at the same time ensure complete transparency and openness in the levy and collection of property tax, with the creation of a computerised property tax database with each property assigned a unique Property Tax Identification Number (PTIN).

Legal Basis

Section 197 of the Municipal Corporation of Hyderabad Act provides for the levy of property tax based on the Annual Rental Value. Amendments to law take time and go into debates and litigations. Keeping this fact in mind and taking advantage of the existing legal provisions under the Hyderabad Municipal Corporation Act 1955, Self Assessment of Property Tax was introduced. Section 213 of the Hyderabad Municipal Corporation Act 1955 provided the scope for self assessment of property tax.

Self Assessment: Rationale

The objectives behind the introduction of the Self Assessment of Property Tax Scheme are:

- To ensure complete transparency and openness in the levy and collection of property tax and to enable citizens/tax payers to understand the basis of taxation so as to enable them calculate the tax themselves;

- To build a computerised property tax database with each property in the Twin Cities being assigned a unique Property Tax Identification Number (PTIN) so as to eliminate discrepancies in the levy and collection of tax, minimise inconvenience to the public, prevent any complaints of harassment and raise resources for city development;

- To promote equity in tax payment (similar properties devoted to similar use in same of similar areas with similar rent-earning to pay similar taxes);

- To link services with tax payment so that tax payers get value for money (quality services) and also feel proud of contributing their mite to the development of their own city and also assisting their fellow citizens living in slums and poor localities gain access to basic minimum services;

- To minimise prolonged disputes between tax-payers and MCH running into years and to establish a healthy relationship between MCH and tax payers/Resident Welfare Associations.

Filing Requirements

The Self Assessment Scheme required the filing of Self Assessment Form/return by all property owners/ occupiers (owners, tenants, lessees, etc.) in the prescribed form

(1) whose properties were assessed by MCH before 1.4.1991 (date of 1991 Census);

(2) whose properties were assessed after 1.4.1991 but who feel that they are not paying adequately given the legal provisions;

(3) whose building/property had not been fully assessed (some part of Plinth Area yet to be assessed);

(4) who have completed their buildings in recent or distant past but who have not informed MCH regarding the same as required under Section 210 of the HMC Act, 1955 and/or who have not applied for assessment;

(5) who have made additions or alterations to their buildings or have reconstructed their buildings fully or partly but have not applied to MCH for assessment/reassessment of added/altered/ reconstructed portions;

(6) who have fully or partly converted their buildings from residential into non-residential use (commercial, institutional, industrial, etc.) after last assessment but have not applied for assessment/ reassessment of converted portions;

(7) who have been exempted from payment of tax in the past. The filing of return is necessary to enable MCH to renew the exemption granted (to the extent of what is legally permissible).

The restriction to the scope of self assessment being limited to 1.4.1991 was based on the principle that tax reforms must be incremental so that one tackles the defaulters in a phased manner.

The Self Assessment Scheme described those who could file self assessment of property tax returns as follows:

(1) In case of owner-occupied individual building/flat   : by the Owner

(2) In the case of rented building/flat   : by the Owner and/or tenant/occupier

(3) In the case of a company : by the Secretary

(4) In the case of a partnership firm : by the Managing Partner

(5) In the case of a public body (Corporation or Society) : by the Secretary or Principal Officer

(6) In any other case : by the Owner and /or Person who has taken the premises on rent

The above prescriptions take into account Section 204 of the Hyderabad Municipal Corporation Act, 1955 which stipulates:

"Primary responsibility for Property Taxes on whom to rest:

(1) Property Taxes shall be leviable primarily from actual occupier of the premises upon which the said taxes are assessed if such occupier holds the said premises immediately from the Government or from the Corporation.

(2) Otherwise the said taxes shall be primarily leviable as follows, namely:-

(a) If the premises are let, from the lessor;

(b) If the premises are sub-let, from the superior lessor; and

(c) If the premises are unlet, from the person in whom the right to let the same vests.

(3) But if any land has been let for any term exceeding one year to tenant, and such tenant has built upon the land, the property taxes assessed upon the said land and upon the building erected thereon shall be primarily leviable from the said tenant or his legal representative, whether the premises be in the occupation of the said tenant or his legal representative, or of sub-tenant".

Benchmarks for Acceptance

Under the Hyderabad Municipal Corporation Act, the taxpayer is required to pay three and half months' rental value as tax. However, in practice, citizens have been paying less than a month's rent in a large number of cases and there have been thousands of court cases when attempts were made to increase tax. Accordingly, under the Self Assessment Scheme, no stipulation was made by the Corporation regarding the rates at which tax-payers should file returns. However, meetings with Resident Welfare Associations were facilitated by the Municipal Corporation and the Resident Welfare Associations were educated regarding the legal provisions and were also informed that ignorance of law is no excuse while ignorance of fact can be ignored. The Corporation facilitated the process of formation of groups of Resident Welfare Associations into federations and a proposal was mooted to form a confederation of Resident Welfare Associations for the city as a whole. One of the Resident Welfare Associations, the Resident Welfare Association of Madhuranagar, came with suggestions regarding benchmarks for acceptance of tax returns during 1999-2000. The Association resolved that properties could broadly be divided into three categories: (a) high rent areas, (b) middle rent areas, and (c) low rent areas. The benchmark Monthly Rental Values (MRV) for acceptance of tax returns for the above categories were adopted by the Association at Rs.1/-, 0.60 Paise and 0.40 Paise respectively. These rates were accepted by many Resident Welfare Associations. Instead of the Municipal Corporation of Hyderabad formally declaring these rates, the facts of Resident Welfare Associations adopting these

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rates were published in print and electronic media and newspapers. Once the MRVs were published, other resident Welfare Associations adopted the rates and filed self assessment returns.

The only moot point in the fixation of three slab rates was whether a property owner, which is supposed to adopt a higher slab, escapes with a lower one. However, this was not a matter of great concern as tax-payers have been paying at so low rates and taking recourse to law suits so frequently that MCH wanted to ensure that reforms take place in stages and initial efforts do not bounce back. Successful experiences of tax reforms suggest that major reforms need to be incremental. Accordingly, MCH was content with the position that at least one month's honest rent would accrue as tax and that there is adequate temptation for tax-payers to file returns without taking the risk of being caught and being subject to regular process of valuation with the risk of paying 31/2 months' rent as tax. MCH did not accept the systems of slab rates adopted by Corporations like Patna, Bangalore and Chennai as slab rates are averages and averages are affected by extreme items. Averages are representative only when the data are homogeneous. Thus, in case of residential properties, slab rates could be adopted but for heterogeneous properties such as those belonging to commercial and institutional categories, averages have the tendency of under-taxing the properties at the upper end of the real estate market and over-taxing those at the lower rung. Thus fixing slab rates with a mix of heterogeneous commercial properties turns out to be regressive. Moreover, for most commercial properties rental data are now available. Especially in Hyderabad all rental deeds need to be compulsorily registered for the purpose of payment of stamp duty. Thus, when market information is available, there is no need for approximation by a roundabout and regressive method in the name of eliminating discrepancy on the part of tax assessors.

Verification of Returns

The Self Assessment Notification informed the citizens that MCH will take up random verification of Self Assessment Forms as in the case of Income Tax Assessment. However, during 1999-2000, MCH proposed to undertake field verification of about 25% of the returns filed by residential property owners/ occupiers. Those properties concealing measurements and/or rent and adopting unbelievably low tax rate per square feet in their returns will be taken up for detailed field verification and assessment following the legal process. Further, those property owners/occupiers who do not file the returns by the date fixed will be dealt with in accordance with the penal provisions of the HMC Act, 1955 and other Acts.

Tax Education Campaign

Tax education is very important for the success of tax reforms. Accordingly, the Municipal Corporation of Hyderabad resorted to systematic publicity campaigns, covering the following aspects:

(a) Municipal Act Provisions

It was made clear that it is mandatory under Section 213 of the HMC Act to furnish property and rent information. Once such information was filed, it was only a clerical effort to arrive at the tax payable. However, by not indicating taxes in the self assessment returns, the tax-payer was losing a golden opportunity of paying a lower tax and also running the risk of being harassed by assessors through the cumbersome process prescribed under the law. The following Sections of law were listed out:

Section 197 : MCH to levy property tax on lands and buildings.

Section 198 : MCH to fix or alter the rate of taxation.

Section 199 : MCH to levy tax up to 30% of the Annual Rental Value (ARV) of the building. (ARV = 12 X MRV. MRV is the Monthly Rent expected if the property is let out under normal market conditions)

Section 204 : The primary responsibility for levy and payment of property tax is the actual occupier (may be owner or tenant or lessee).

Section 212 : Vacant land tax shall be levied at 1% of the capital value of land.

Section 213 : The Commissioner may call for information or returns from owner or occupier of any property or enter and inspect assessable premises.

Section 217 : When the name of the person liable (occupier) for property tax is not ascertainable, the tax may be levied on 'the holder' of the property. If the person in occupation refuses to give details of ownership, he himself would be liable for payment of property tax.

Section 220 : Where a building is constructed, or re-constructed, or some structures are raised unauthorisedly, property tax on the same shall be levied with a penalty of 10% on the property tax till such unauthorised building is demolished or regularised.

Section 238 : The Corporation can collect property tax arrears under the provisions of the Revenue Recovery Act.

Section 264 : Property tax is payable in advance in April and October of every year.

Section 269 : When a person liable for property tax does not pay the same in time, the Corporation shall collect the same with an interest of 2% per month or the Corporation may disconnect the essential services or confiscate the movable articles of the defaulter or property tax.

Section 455 : Every person shall, within one month after completion of the building deliver a notice to the Commissioner in writing and obtain permission to occupy the building.

(b) Low Property Tax Rates

It was brought to the notice of the taxpayers that the property taxes paid by citizens for similar properties in cities like Bangalore, Chennai, Ahmedabad, etc., were far higher and MCH intended to keep tax rates low and concentrated attention on compliance and correction of inequities prevailing in the tax system. The benchmark of one month's honest rent as tax is the lowest in the country among large Municipal Corporations.

(c) City Development Plan

The development plan for Hyderabad to make it a "Clean City", a "Green City", a "Knowledge City", a "Hitech City", a "Liveable City" and a "Model City", "an "Example City" was widely publicised. It was highlighted that MCH planned widening of 100 roads, development of 100 link roads, installation

of 80 traffic signals, 35 stretches of modern lighting, development of all major drains, development of more than 500 open spaces, complete modernisation of solid waste management, etc. Citizens' support was solicited for a simple, transparent, honest and hassle-free way for contributing to the development of the city and for a fair system of taxation based on procedures similar to that adopted for income tax. The Corporation's slogan was "MCH trusts you for the future of your city and your children".

(d) Tax-Service Linkages

During the year of self assessment, Resident Welfare Associations were informed that it was the Corporation's policy that in a middle income locality, all the taxes collected would be spent on works of the choice of the Resident Welfare Association provided the residents file tax returns in bulk. For low income areas, the property owners could expect expenditure on works to the tune of two or three times the taxes paid. The tax-payers of rich localities were lured by the assurance that part of the taxes collected would be spent on the services of their choice in their localities and the remaining on general city development works and slum upgradation that enhance their land values and house rentals. Those colonies which filed self assessment returns in bulk were sanctioned works of their choice and works were started to assure citizens that the taxes paid translated into services.

(e) Tax-Turnover Linkages

The tax-payers were informed through newspapers that better civic infrastructure and services are certainly important for better business opportunities and profits. With the development of Hyderabad, land values and business turnovers in the city have gone up phenomenally. For example, the turnover of Apollo Hospital, Jubilee Hills in Hyderabad, which revolutionised health care delivery system in the country, increased from Rs.5.00 crores in 1989 to Rs.49 crores in 1998-99.

(f) Falling Value of Rupee

Again and again, the taxpayers were informed through the press how the value of money was falling, how a rupee required for providing service 20 years back has become equivalent to 25 paise and how the costs of civic infrastructure and services are increasing enormously. It was highlighted that Rs.100 deposited in State Bank of Hyderabad with 12% interest per annum would have yielded the following amounts over time:

After 5 Years	Rs.180.61
After 10 Years	Rs. 326.20
After 15 Years	Rs. 589.16
After 20 Years	Rs.1064.08

Thus, the services provided by MCH with Rs.100 paid as Property Tax in 1980 cannot be provided by Rs.1000 paid in 2000. Further, service provision requires money and cannot be created out of vacuum.

(g) Important Tax-payers

Initial efforts for obtaining self assessment returns were made to rope in all major property holders, including bureaucrats, politicians and important citizens. The list of model tax-payers was published in the newspapers and a warning was also issued that the names of those who were professional

litigants and who have been habitually evading taxes would be published in newspapers. This had a remarkable effect on the filing of returns.

(h) Computerisation of Records

All the self assessment returns along with unique PTIN (Property Tax Identification Number) were fed into computers and the rates adopted by resident welfare associations in different areas were made available to the public. The Corporation issued advertisements thanking the tax-payers who came forward to file tax at correct rates. The correct rates adopted were published, published on a web site and made popular; the process led to continuous improvement in the willingness of Resident Welfare Associations to pay property taxes.

(i) Dos and Don'ts

Through a number of public notifications, the Corporation made the following requests to tax-payers:

1. Assist MCH and file Self Assessment Form;

2. In case of doubts, invite the concerned Additional Commissioner to your area to explain tax laws and make available slab rates worked out by MCH for various areas earlier. Slab rates of Bangalore and Chennai City Corporations were also available for reference;

3. Resident Welfare Associations may adopt similar taxes for similar properties with similar areas devoted to similar uses in same/similar zones;

4. Never under-report area as Check Teams, Super Check Teams and Vigilance Teams were overseeing the operations of lower level officials; concealing of area will simply not be possible;

5. Do not entertain any middleman. Always contact the concerned Additional Commissioner for clearance of doubts; Tax Assistance Cell is open in MCH;

6. Pay fair taxes and demand better services.

(j) MCH's Guarantee

MCH provided guarantee that if correct self assessment information is filed and tax paid at rate not lower than the benchmark rate, no municipal official shall visit the premises of the tax-payer for tax enhancement for the next 3 years.

(k) Guidelines for Calculating Self Assessment Tax

Step 1 : Measure Plinth Area (PA) of your property/building. This determines PA.

Step 2 : If self-occupied, find out prevailing market rent per sq ft per month for similar properties in the vicinity. This will give MRV per sq ft

If rented out, state the rent obtained per sq ft per month (based on rental agreement). If the rent obtained is low, you may state the prevailing market rent for similar properties for the purpose of taxation and make the occupier pay the property tax. This will give MRV per sq ft.

Step 3   : Property Tax payable may be calculated as follows:

Residential:

No tax if monthly rent expected is less than Rs.50.

Tax   = Plinth Area (PA) X MRV per sq ft X 12 X 0.17 if Monthly Rent expected is between Rs.51 and Rs.100 - 10% Depreciation
Add 8% towards Library Cess

      = Plinth Area (PA) X MRV per sq ft X 12 X 0.19 if Monthly Rent expected is between Rs.101 and Rs.200 - 10% Depreciation
Add 8% towards Library Cess

      = Plinth Area (PA) X MRV per sq ft X 12 X 0.22 if Monthly Rent expected is between Rs.201 and Rs.300 - 10% Depreciation
Add 8% towards Library Cess

      = Plinth Area (PA) X MRV per sq ft X 12 X 0.30 if Monthly Rent expected is more than Rs.300 - 10% Depreciation
Add 8% towards Library Cess

Non-Residential:

Tax   = Plinth Area (PA) X MRV per sq ft X 12 X 0.30 - 10% Depreciation
Add 8% towards Library Cess

Outstanding Achievement of Scheme

- In response to the Self Assessment Scheme, about 130,000 citizens filed self assessment returns within 3 months of the introduction of the same.

- This led to increase in the property tax collection from Rs.58 crores in 1998-1999 to Rs.82 crores in 1999-2000 in just 3 months (see Figure 1) although the effective tax rate went down by almost two-thirds. The rising trend in property tax collections is continuing with the progress in reforms;

Figure 1
Municipal Corporation of Hyderabad Property Tax Collected (1991-92 to 2002-03)

- MCH was able to enhance its capital expenditures due to property tax buoyancy. Enhancement in expenditure on public works from Rs.79.31 crores in 1999-2000 to Rs.179.89 crores in 2001-02 due to property tax buoyancy;

- Figure 2 shows the trends in salaries as percentage of total expenditure by MCH. There is a reduction in salary expenditure as percentage of total revenues to below 25%;

- Increase in Capital Budget;

- Highest credit rating accorded to Hyderabad Municipal Bond - AA+(SO) CRISIL and LAA+(SO) ICRA;

- Conspicuous improvements in civic amenities and services with the city, receiving the Clean and Green City Award at the national level for 4 consecutive years, Lighting Society of North America Award for street lighting, and Hyderabad being projected as the Next Silicon Valley and a city of the future by the National Geographic magazine (November 2002 issue);

Figure 2
Municipal Corporation of Hyderabad
Trends in Salary Ratio (1991-92 - 2002-03)

Year	Percentage
1991-92	46.52%
1992-93	45.21%
1993-94	35.93%
1994-95	31.91%
1995-96	37.99%
1996-97	38.54%
1997-98	29.86%
1998-99	30.60%
1999-00	28.81%
2000-01	24.99%
2001-02	19.30%
2002-03	23.89%

- Rated as "best" destination for IT- enabled services;

- Hyderabad is an International City with Microsoft, Dell, Oracle, Motorola, Ericsson, GE, HSBC setting up bases here and the fourth important destination in terms of domestic and international passenger traffic.
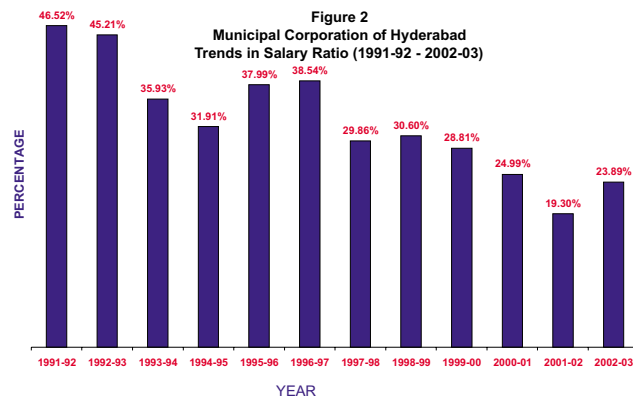
National Geographic, November 2002 on Hyderabad

- Hyderabad is "poised to become the hi-tech capital of the subcontinent".

- "Not only is it remarkable that all this has happened, but that it has happened so fast."

- "Hyderabad is one example of what the sum looks like when the many smaller parts that actually work are added up".

- 'Hyderabad, India: the next Silicon Valley?'

Lessons Learnt

The experience of property tax reforms in Hyderabad provides a number of lessons. These include:

(a) Tax reform strategy depends to a great extent on the pre-conditions; but certain principles such as the close involvement of the tax-payer, tax-service linkage, incentives for filing of tax returns, penalties for non-filing, tax education, etc., are important in the designing of successful reforms.

(b) Arbitrary adoption of slab rates of tax in the name of elimination of discrepancy in the levy of tax is not desirable. Slab rates are useful in the case of homogeneous properties. But for heterogeneous properties such as commercial and institutional buildings, slab rates tend to be regressive. They over-tax properties with low rental and under-tax those with high rentals as averages are affected by extreme items. This is against the fundamental principle of tax reforms, i.e., the market orientation of the tax system.

(c) Correction of inequities in the tax system can be an important source of enhanced mobilisation of property tax revenues in most cities. Keeping tax rates low and emphasising on compliance led to significant increases in the property tax collection in Hyderabad.

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(d) Tax education and organised publicity campaigns to address the psychology of tax-payer are often more important than economic factors such as tax rate and tax base in realising the potential of property tax; people must perceive the tax system to be fair and appreciate the linkage between taxes and service provision.

(e) Direct involvement of tax-payers in the provision of civic services is a must for better tax compliance.

(f) Tax reforms may need to be pursued in an incremental manner. Elaborate and time-consuming design may lead to the bouncing back of effort to clean a tax system.

Sustainability

The Self Assessment Scheme of Municipal Corporation of Hyderabad has not yet fully realised its potential; yield from property tax is increasing as more and more corrections to the 20-year old inequity are taking place. The many forces and synergy which had brought together the Local Body and the citizens through Resident Welfare Associations will definitely sustain the scheme. The fact that even with very low rate of tax, the revenues from property tax has gone up significantly by tackling systematic issues rather than dealing with additional economic aspects such as tax rate and tax base also has led to its popularity with the common masses. The visible improvement in the city's image has also increased its acceptability for the common masses.

Transferability

The whole strategy of Municipal Corporation of Hyderabad can be adapted by other cities. The single most important factor is involving the people and demonstration of improvement in the civic facilities in the city.

14. Road Widening Scheme in Municipal Corporation of Hyderabad

Introduction

The historic city of Hyderabad, founded in 1591, was planned with Charminar as its centre. In course of time it became overcrowded and congested. The city was greatly affected by the flood of 1908 which caused extensive destruction of life and property of the citizens. This may have awakened the government to the need for planned development of the city in a phased manner. After the formation of the State of Andhra Pradesh, Hyderabad has experienced tremendous growth. Many industries have sprung up and numerous housing colonies have developed. Most of the developed part of the city has become multi functional in character. Among the many problems of the city, the irregular pattern of narrow streets and inadequate road network is probably that which requires immediate attention for planned development.

The development plan for Hyderabad city has been given consent in resolution No.307, dated 1st August, 1970 and it was notified by the Government of A. P. in G.O. Ms. No.470 MA, dated 6th November, 1973 calling for objections and suggestions. After incorporating the suggestions received from the public it was finally approved by the Government of A. P. vide G.O. Ms. No.414 MA, dated 27th September 1975.

In the Master Plan, transportation networks have been proposed keeping in view the hierarchy of roads, i.e., major corridors, arterial roads, sub arterial roads and so on. The road width varies from 200'-0" (National Highway) to 60'-0" (Main Road). These roads, i.e., major corridors, arterial roads and sub-roads, constitute approximately 3,200.60 acres of area marked in the approved Master Plan for Transport and Communication covering an area of 6.67% of the Master Plan area.

The population of Hyderabad city was 11.19 lakhs in 1961, 16.07 lakhs in 1971, 21.37 lakhs in 1981, 37.58 lakhs in 1991 and 46.00 lakhs in 2001. This has shown a growth rate of 71.85% during 1981-91 and 75.67 % during the year 1991-2001. The high growth was a result of increase in population and also due to migration from villages to the city in search of jobs. Apart from the increase in population, there is tremendous increase in vehicle ownership. There is also an abnormal increase in the number of motor vehicles plying within the city. This increase in volume of traffic and the irregular, narrow roads created traffic snarls, increased travel time and accidents. The religious structures in the middle of the roads and almost at every junction further hindered the smooth flow of traffic.

Details of the practice

In the light of the above, a massive road widening programme was taken up in the year 1996 by the Municipal Corporation of Hyderabad (MCH) and the Government in Hyderabad. A special "Road Widening Cell" specifically for the purpose had been created at MCH. MCH has started the road widening programme as per approved Zonal Development Plan from 1981 onwards on a massive scale by using planning permission, including Floor Space Index, as a resource. With the objective of facilitating the widening of roads to decongest Hyderabad, the Government of Andhra Pradesh has granted special powers to the Commissioner, MCH. The latter is competent to grant permission to those surrendering land for road widening to take up additional construction over and above that

permitted by the Zoning and Building Regulations. Land surrendered horizontally is compensated by additional construction vertically. MCH rebuilds the demolished compound walls and other structures. The extent to which vertical construction is to be permitted depends on the extent of land surrendered by parties and the prevailing FSI in the area. If there is no scope for going vertical, the landowner can avail Transferable Development Rights (TDR) for using the same elsewhere or selling to others. In some cases, even the construction of buildings for non-residential use (commercial/institutional) is permitted to induce landowners to part with valuable land for road widening.

1. Criteria for selection of roads

The selection of roads was done based on the following criteria:

- The most congested roads (where it affected speed and led to other complications);
- National Highways (if it is within the city limits) (200'-0" width);
- Ring roads and major arterial roads (150'-0" width);
- Sub arterial roads (80'-0" to 60'-0" width);
- Slip roads/connecting roads (40'-0" width).

2. Plan Preparation

The next stage was preparation of Road Development Plan for the selected roads in the respective areas. The plan is prepared by carrying out a plain table survey if a base map is not available or if it was required to update the existing map. If base map for the said road was available, the same could be updated by conducting physical survey. The existing road alignment is fixed duly incorporating the existing structures, number of floors, type of construction in the existing area, and also measurement of width and depth of the structures on either side of the road, the existing road width is marked at required intervals, depicting the connecting lanes and bye-lanes. Once the base map is ready, the proposed road width is marked on the plan, keeping the centre of the road as the reference point. The road alignment will be marked on the plan accordingly.

Steps followed in Plan Preparation

- Selecting road;
- Completing survey;
- Fixing alignment of road keeping in mind the existing road alignment;
- Marking types of structure on ground;
- Noting availability of open land, Government land;
- If heavy/religious structures are on one side, the alignment may be shifted to the other side;
- Economic condition of the people inhabiting the area; and
- Minimum area to be affected towards religious structures or structures having sentimental value.

The proposed road width for the road under development programme will be marked as per the width of the road shown in the approved Master Plan or Zonal Development Plan. In some cases, the road

width will be increased or decreased depending on the requirement, land availability, site situation, etc., over the Master Plan, as per the provisions of Section 376, 377, 381 and 383 of HMC Act 1955. The same will be sent to the Government for ratification.

After the road alignment is marked on the plan, the same will be submitted to the Commissioner, MCH, for approval. The approval of the Corporation will also be obtained in order to implement the plan to acquire the required extent of land either by private negotiation or by following the Land Acquisition Act proposals as per the provisions of Section 146 and 147 of HMC Act 1955. Once the plan is approved, the copy of the plan will be marked to the concerned circle office for implementation.

3. Public participation in plan implementation

After alignment of the road, the next important step is involving people in implementation of Road Development Plan, which is commonly called as public participation in plan implementation.

- Individual sketches are prepared as per the alignment, showing the house number and name of the owner;

- The same sketches are furnished to the Engineering Section for estimation of structural value and Land Administrative Office for estimation of land cost;

- The same sketch is communicated to the owner showing the details of the area affected under the proposed Road Widening Scheme;

- While giving the sketch plan he will be informed of all the benefits given in lieu of the land affected in road widening like FSI, structural compensation, TDR, etc.;

- A register showing land taken over during road widening will also be maintained. Once the land is taken over from the landowner as per the provisions of HMC Act, i.e., after negotiating with the owner, the name of the owner, cost of the land handed over, compensation taken by the applicant/ landowner are entered in the register showing the compensation paid or FSI benefits given;

- Structural compensation and structural value paid;

- Every effort is made to see that the plan is implemented in its true spirit;

- Door to door canvassing is essential to see that the citizens understand the importance of road widening and the benefits of it.

4. Plan Implementation

The most important part of road development work is the physical implementation of the proposed plan, taking consent, payment of structural value to the satisfaction of the land owner substituting the land value in terms of additional FSI, relaxation, etc., and demolition of the affected structure.

Once the plan is approved, door to door survey work is commenced in order to assess the actual extent of affected area as per the proposed road width, duly noting down the name of owner, house number, number of floors, type of construction, width and depth of the structure. After completion of the survey, a list will be prepared showing these details. Once the total number of properties affected under road widening is known, the cell proceeds with the actual road widening work.

Separate sketch plan for each property is prepared and a separate file will be opened for future correspondence. A set of sketch plans will be submitted to the concerned Executive Engineer, MCH, for preparation of structural value in a phased manner, and a requisition letter will also be addressed to the affected land owner duly enclosing the copy of affected plan.

A meeting is called for at a suitable place in the locality with the land owners in order to explain the need and necessity of the said road widening and also to inform him/her of the benefits and betterment achieved by the residents of the area in particular due to road widening and also to explain the benefits to be extended by the Corporation, such as additional FSI, concessional building permission, and liberal payment of structural value if the land owner comes under private negotiation. The objection raised by the residents is noted down, suitable changes incorporated and revised approval will also be obtained.

Generally the staff of MCH will contact the owners as per the time given by the land owner in order to pursue the case. Once the owner agrees with the proposals and gives his/her consent, the property will be taken over by MCH under private negotiation duly paying necessary structural compensation as prepared by the Executive Engineer as per latest cost index which is as per R & B Department norms. A consent letter will be taken from the owner duly signed and duly enclosing the copies of Sale Deed. The owner will also execute an affidavit and GPA in favour of MCH to the extent of affected area under road widening to avoid legal complications in future, after taking consent, a letter will be addressed to the Executive Engineer to dismantle the affected area under his supervision, removing the debris and also to form the road since the demolition also involves technical skill.

If some land owner does not agree with all the effort made by MCH, the land acquisition proposals are filed as per Land Acquisition Act in the public interest to acquire the extent required for road widening.

Problems and Constraints

1. Economic conditions

- If the economic status of the individual is very poor and if the entire land is affected in road widening, it becomes very difficult for MCH to take over the property because the individual will be deprived of his livelihood.

- The impact in such cases is adverse because it makes the person unemployed and he will try to see that road widening is stopped.

- If on the other hand the people who are living on that particular road belong to the affluent class then resistance may be less.

- If most of the properties are small in nature and all of them are totally affected then the alternative course of action will be to rehabilitate them, which can be a costly affair to the implementing agency.

The process of taking consent from the individual owner is not a simple one. It involves a lot of problems and difficulties during the process of negotiations.

Sometimes the land owner refuses to take the requisition letter itself since he fears losing his property. The TPA is required to contact a number of times to serve the letter itself. Once the letter is served and the actual process of negotiation starts, the owner tries to avoid meeting the MCH staff in order to delay the process of discussion.

2. Bargains

The owner also sometimes tries to bargain for the following:

1) Land value as per present market rate apart from structural value.

2) Land to land compensation in a nearby area, etc.

Both these conditions are difficult to fulfill by MCH in the present situation due to paucity of funds and non-availability of MCH land around the proposed road under widening. During the period 1981 to 1986, MCH used to pay land value at the rate of Rs.130 per square yards + 30% solatium and 9 to 15% interest from the date of giving consent. Sometimes, MCH also allotted alternate land for the affected owner where property was affected under road widening to the full extent or if it was more than 70%.

3) The structural value is not acceptable to the owner since the structural value is less and is not acceptable to him and he wants the value to be enhanced.

In such cases structural value will be referred to the Executive Engineer for re-valuation. The revaluation of the structural compensation has its own limitations - it cannot be increased abnormally, and therefore it is very difficult to convince the individual.

3. Political Involvement

At some places, the local leaders with vested interests try to stop the road widening work. In such cases it is very difficult to convince the public. Under such circumstances, MCH will study the weak points of some of the land losers and try to break the unity by gathering a group to consent very secretly and suddenly the demolition will be fixed up on Saturday and Sundays to commence the road widening work.

4. Owner - Tenant dispute

The owner and tenant dispute is a positive as well as a negative aspect in the process of road widening. Wherever there is owner-tenant dispute, the owner comes under negotiation and gives consent immediately. The owner wants to dismantle the total house or shop in order to vacate the tenant but the tenant wants the road widening to be done to the extent of affected area only and he wants to

continue his tenancy in the leftover portion. Sometimes the tenant will not vacate the place and obtains a stay order from the court.

In such cases, the MCH has to put in a lot of effort to convince the owner as well as the tenant and also has to vacate the stay order. Sometimes the owner gathers man and muscle power during the course of demolition. Sometimes the tenant also wants compensation or advance payment to vacate the property, as he has to pay advance to another person for taking on rent an alternate house or shop.

At times the owner will take the amount of compensation by giving consent and abscond, particularly when the total property is affected. Now the MCH has to tackle the tenant by providing him suitable compensation or force him to vacate the premises against political, legal and as well as physical resistance.

5. Other issues in Road Widening

a) *Family Disputes*

In some cases of ancestral properties there are a number of owners. If one owner gives consent, other legal heirs will not come forward to execute the consent and much effort is required to convince them separately at different places and at different times to receive their consent.

b) *Religious Structures*

Hyderabad is a 400-year old city with a multilingual population of different cultures, different religions and varied social and political backgrounds. Therefore, it was seen that a number of religious structures and graveyards came under road widening proposals. It is difficult to remove or relocate these structures and these remain as bottlenecks even after road widening.

c) *Lack of civic sense and personal interest*

Sometimes when the road widening work is about to commence at a particular locality, the public starts building walls around the graveyards or constructing small temples in order to safeguard their property from being affected under road widening or to run petty business in the shelter of their structures. These structures are rather difficult to remove or re-locate under present political situation.

6. Engineering problems

- Sometimes the structural value prepared due to lack of experience of supervision or improper physical inspection of the property is very less. When the same is submitted for revaluation, it increases by 30 to 50%. This is mainly due to the fact that the owner/tenant is averse to proper inspection of his property;

- This discrepancy will lead to delay in taking consent as well as create doubts in neighbouring owners that there are problems in their sites also;

- Delay in lifting of dismantled material also causes problems. These materials lying on the road, for months together in some cases, give a bad impression of the MCH. By observing this, the owners of neighbouring structures also hesitate to give consent;

- Delay in dismantling the affected area also leads to legal problems. The owner may change his mind and file a case for land compensation, etc., or the tenant may get time to approach the court and obtain a stay order against MCH.

7. Legal Complications

In some cases, the owner of the property has already sold or mortgaged a part of the house or one shop to a third party long back and the tenant/occupier has not informed MCH about the name of owner during physical survey. The owner sometimes also does not disclose the fact and obtains structural value by showing his old documents. Later, while demolishing the structure it comes to light that a part of house has already been sold/mortgaged to the third party and the latter has filed a case against MCH for compensation.

> ### WIDENING OF TILAK NAGAR ROAD: A Case Study
>
> The road from Shanker Mutt road to Fever Hospital Junction, i.e., Tilak Nagar Road is under proposed road widening from existing 30'-0" to 40'-0" and is proposed to be further widened to 60'-0" as per Zonal Development and Master Plan. The Road Development Plan has been prepared for 60'-0" and duly approved by the Commissioner, MCH. The same has been demarcated at site. The length of the road is 1.5 km wherein 143 private properties were affected under the road widening and within a record time of 5 days all these 143 properties were taken under private negotiations.
>
> The matter has been pursued with the property owners daily, by going from door to door and by explaining that if the property is handed over under private negotiations, the MCH will give the necessary permission with relaxation of minimum setback in all round open spaces, extra FSI for the affected area and necessary structure value as per R&B schedule of rates.
>
> Initially only 30 property owners (from Railway Bridge to Fever Hospital) handed over their affected portions to MCH under private negotiations. Later on the remaining property owners also came forward and cooperated with the MCH. Once the consent was obtained, MCH demolished 143 buildings within four days and paid the structural value to the owners on the spot. The structural value paid amounted to Rs.1.60 crores. The debris was also cleaned up overnight.
>
> The entire demolition process was taken up under direct supervision of the Town Planning staff, Asst. City Planner and all the concerned technical staff. During the course of demolition, one building suddenly collapsed and two labourers were trapped inside. The expenditure incurred in their treatment was charged to Janma Bhoomi programme with the effort of MCH Town Planning Officers. Some of the political leaders were initially opposed to the process of road widening. The issue was sorted out by involving the local leaders of all the parties.
>
> Now the people have constructed their buildings and shops and have utilised the benefits of road widening including relaxation in FSI. Had MCH filed Land Acquisition Proposals, it would have taken a decade for completion of the same. The method of private negotiations is fast and beneficial for both the parties involved.

Results Achieved under Road Widening Scheme

- Since 1996, MCH has completed the widening of 68 major link roads. Work is in progress for the remaining 32 roads.

Year	No. of Roads Widened	Area in sq. yards taken over	Amount Spent (Rs. in crores)
1996-1997	7	168620.00	4.16
1997-1998	7	150638.00	1.63
1998-1999	8	75438.00	9.74
1999-2000	7	141476.00	11.20
2000-2001	16	98853.00	10.09
2001-2002	23	186228.30	20.00
Total	**68**	**821253.30**	**56.82**

The success of the road widening scheme can be attributed to the strong support from the State Government which delegated the power of zoning relaxations in road-widening cases to the Commissioner of the Municipal Corporation of Hyderabad - a power that was hitherto exercised by the Cabinet. With successful negotiation by the Town Planning Staff of MCH to convince landowners affected by road widening, MCH has taken over 821,253.3 square yards of land worth about Rs.811.51 crores without spending a rupee till date. The structural compensation paid is only about Rs.30 crores.

- The roadway widening and alignment has met existing operational deficiencies and has addressed sight distance concerns.

- It has also facilitated the safe movement of vehicles in and out of and within the city.

Lessons Learnt

- Explaining to the owners the benefits of road widening has resulted in land owners coming forward to give their consent.

- Success of road widening depends on careful dealings with political parties and leaders and obtaining their support and goodwill.

- Owner-tenant disputes can be solved by convincing the owners to give some amount of money to the tenant as goodwill for his long tenancy.

- Family disputes can be resolved by identifying the head of the family and first obtaining his consent for the same.

- Physical possession of land belonging to religious structures has to be done in a careful manner with the consent of the Secretary of the association and the people in the area.

By adopting the above process, MCH was able to successfully carry on the road widening work in twin cities of Hyderabad and Secunderabad. By analysing the details and with people's cooperation, MCH acquired properties under private negotiations.

Transferability

The road widening work carried out by MCH involves active participation of the public in general, and the aim is to avoid any legal complication or political interference. By carrying out a similar process the scheme can be replicated in other cities also.

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15. Conservation of Lakes and Green Belts in the Hyderabad Metropolitan Area

Introduction

"Hyderabad these days is on the sunny side of the street"- National Geographic, November 2002. Hyderabad (always inclusive of Secunderabad, its twin) is the fifth most populous city in India. Being a metropolis of the state, trade and industry grew rapidly attracting a large migrant population, registering a growth of 40% in a decade. House and land values have soared, roads are being widened, parks built and a whole new suburb has sprung up to accommodate the offices of international software giants, as well as facilities for pharmaceutical and biotech research, and banking and insurance companies. "It all started with taxes and trees".

Hyderabad Urban Development Authority (HUDA), charged with planning and management of civic needs had initiated a programme of rehabilitating the 'green' mantle, which was under threat. Sporadic efforts from 1986 brought open spaces and roadside strips under greenery, through its Urban Forestry Wing. The efforts were scaled up in 1994 with the introduction of Hyderabad Green Belt Project, financed by the Netherlands Government. It was designed to raise fuel wood (and fodder) resources. Today flowers bloom beneath expressway overpass and border the streets and many of the city's uglier areas have been transformed into parks and gardens. However, the emphasis was on developing a 'methodology'. This was the defining phase in methodological terms. Besides innovating technology, it helped develop ways of awareness-building, participatory approaches, sustainability mechanisms and most importantly, blending with social obligations. Then followed a larger programme with continued assistance from the Netherlands Government: larger in monetary terms and wider because of its inclusion of water bodies for clean-up and regeneration - truly making it a large Biomass Conservation Project.

In the past 8 years, an area of 14100 hectares of open space has been planted with 125 lakh trees. As an offshoot, this created employment of 43 lakh person days. A State policy paper 'Vision 2020' recognising 'Environmental Resource Planning' as a critical component and several initiatives having attributes of "good governance" being already in place, provided synergy; complementary state-sponsored programmes added wider coverage.

Situation before the Initiative Began

Sprawling human settlements led to destruction of tree vegetation for fuel wood. Greenhouse gases pervaded the air at 125% over tolerance norms (TN). Water bodies kept depleting in area, fish catch and ground water recharge were reduced while pollutant levels increased; 54% of city water thus remained polluted with nitrates beyond TN. Health in general and livelihoods of the poor were adversely affected. The percentage of green cover was just about 4.5% of HUDA's geographical area prior to 1995.

Rapid urbanisation has not kept pace with the development of infrastructure like the sewerage system and waste and garbage collection processes. There is discharge of sewage and waste water from housing colonies. Furthermore, during monsoon, rain water washes down wastes including oil spillage, overflowing sewage drains. The city lakes thus presented a very dismal picture.

Details of the Practice

a) Establishment of priorities

i) Creation and conservation of greenery

The set of activities planned included planting of saplings a) to create city forests in open-access community wastelands and unutilised institutional wastelands; b) Planting saplings in residential colonies and along avenues; c) Providing saplings for homestead planting and agro-forestry programmes in private holdings; d) Support nursery activities to produce required saplings and also to support skill-transfer and entrepreneurial enterprise.

ii) Integrated treatment and conservation of lakes

There are 170 lakes notified by HUDA, which have a water-spread of over 10 hectares, where construction activity has been prohibited within the full tank level (FTL). Going by pollution levels and urgency of action for hydrological balance, only 87 water bodies were chosen for the project intervention. Of the polluted lakes identified for cleaning and conservation, two categories have been identified. Category-I of highly polluted lakes consists of 18 water bodies while Category-II of moderately polluted lakes number 69.

The treatment measures proposed essentially aims at cleaning the water entering the lakes to prevent the contamination of ground water aquifers. The cleaning is accomplished through "Constructed Wetland" method, a well-recognised cost effective method which uses aquatic plants and flora to filter pollution as also to increase storage capacity. In the case of some lakes, additionally the cleaning is done through Sewage Treatment first considering heavier pollution. Thus two classes of lakes are involved based on these different interventions.

The components for treatment and conservation include:

- Consolidation of lake boundaries;

- Desilting and dredging of lake bottom;

- Preventing flooding by streamlining inflow/outflow channels;

- Interception and diversion of sewage entering or likely to enter the lake;

- Treating of sewage;

- Improvement of eco-tourism and recreation activity; and

- Involvement of local community in keeping the environs clean.

b) Formulation of Objectives and Strategies

The overall aim was "to achieve sustainable improvement of the environment with active stakeholder participation and a focus on gender and poverty alleviation."

The objectives were: a) Remediation of urban environment in a holistic fashion covering various facets like policy, institutions, technology and legal framework; b) Addressing pressing health environment and water conservation; c) Focusing on urban and semi-urban poor, particularly women, affected by resource degradation; d) Active stakeholder participation in planning, implementation and monitoring of the activities.

c) Mobilisation of resources

HUDA is self-sufficient in terms of monetary resources from its revenues. HUDA has beefed up its liquidity and financial strength over a period of time and is capable of meeting the initial investment. However, GoAP will make arrangements in its annual budget for ensuring continued fund availability to HUDA for implementation of the project. Further, the international arrangement between the Netherlands' Minister and President of India provides for payment of advances in installment.

d) Process

i) Sensitisation

The challenge was less technical than mobilising stakeholder cooperation. People have different perceptions concerning greenery. For most, greenery is a soothing sight, for some it also cleans the air, binds the soil, arrests runoff and recharges ground water. And yet for others living on the margin, trees and greenery are resources for self-use or petty cash income. The challenge was to convert such positive feelings into a community-level 'vested interest' to lead to creation, protection and sustenance of the programme. A major initial difficulty was to persuade government institutions holding large chunks of barren land to allow their lands to be planted with saplings, but once the Chief Minister addressed them, the cooperation was full and unstinted. Public hearings that were organised had good response and built awareness.

ii) Social strategies

a) Participatory appraisal techniques received good response in understanding the needs, skills and ability of marginal segments of urban and semi-urban population in creation and maintenance of tree

and foliage resources. It helped in developing a satisfying arrangement for the protection of plantation by the community in return for the right to enjoy products; b) Saplings were provided free of cost in residential colonies to start with and the awareness-building was so successful that the residential welfare associations started meeting the partial costs of tree guards and maintenance of plantation even in common areas; c) The momentum so acquired was fully exploited to advance the programme in other colonies; d) Public meetings were held; d) Mass awareness generation programmes like planting one lakh saplings in one day involving the Chief Minister, school children, public representatives, institutions, Self-Help Groups and other Government departments kept the awareness levels high and what started as an inducement-based participatory activity soon became demand-driven.

iii) Women - Homestead Nurseries

The labour force, mostly women, employed in nurseries hailing from urban and semi-urban slum habitations soon acquired skills in raising saplings. HUDA thereupon initiated an arrangement so that each of them, or collectively, a group of them, raised nursery seedlings in their backyards or at accessible vacant spaces where HUDA outsourced part of their sapling needs. This aspect of knowledge-transfer made their commitment to the project stronger for it had potential to lead them to self-reliance.

e) Innovative Approaches of HUDA

- Institute water harvesting afforestation model;
- Install plant nursery technology in urban areas;
- Translocation of mature trees;
- Development of Xeriscapic landscape at KBR walkway gardens;
- Green Flyovers - a unique experience in the country;
- Introduction of rare plant species to enrich the biodiversity;
- Torchbearers for making use of eco-friendly recreational parks as better investment option to maximise revenues while improving the environment.

Results Achieved

i) Women's Empowerment and Gender Equity

So far 6500 women have been trained in nursery techniques and almost all of them are urban slum dwellers. The administration has been outsourcing 50% of their sapling requirements annually to them. So far, Rs.125.00 lakhs has been paid to the women for raising and maintenance of seedlings and 43 lakh person days of employment has been generated. Women are specifically targeted for employment generation; the programme has generated 32 lakh person days for women.

ii) Physical achievements

Urban Greening

A total of 125 lakh saplings were planted, protected and nurtured covering: a) a spatial area of 14100 hectare under afforestation, plantations and recreation areas; b) 350 km of strip planting in boulevards, avenues, highways and embankments; and c) 50 lakh saplings supplied for homestead planting or given to private parks and recreation areas. In low-income group housing areas where interest is

passive, special emphasis was given to introduce parks and recreation areas. The green cover is now 28% of HUDA area where it was 4.5% at the start of this activity.

Lake Treatment and Conservation

3 problematic lakes - Saroornagar, Safilguda, and Langer House - have been fully treated and the STP is operationalised and the results are highly encouraging as the water quality is on par with potable standards. State of the art technology is adapted and tertiary treatment results have been very satisfactory.

HUDA has initiated lake treatment and conservation works in five more (polluted lakes) lakes, viz., Patel Cheruvu, Nacharam; Pedda Cheruvu, Nacharam; Nalla Cheruvu, Uppal; Durgam Cheruvu, Madhapur; and Mir Alam Cheruvu.

Desilting and other lake improvement related works have been completed in 28 lakes.

In the next 3 years, 59 out of 87 proposed lakes shall be treated, conserved and improved.

ii) Evaluation and Public audit

An evaluation made by 'Environment Protection Training and Research Institute', Hyderabad in 2001 reached the following conclusions on the effects of plantations, based on samples. The study revealed a reduction of suspended particulate matter (SPM) by 27%, Sulphur Dioxide and Oxides of Nitrates by 50%, Carbon Monoxide by 75%, noise from 82.90 decibels to 75.5 decibels (day time) and from 69.10 decibels to 60.6 decibels (night time), public meetings held on two occasions, one after the conclusion of the pilot phase expressed a general feeling of "visible" improvement. A similar evaluation for water bodies was planned in the project but considering that the project has only just started it may be too early to assess the outcome. However, newspaper reports tend to show that public reaction has been positive.

Other initiatives

It is to be emphasised that the efforts at habitat improvement did not begin and end with the project, though no doubt, it helped mobilise public support and political will to take such initiatives. Some of the important ones are chronicled below:

Beautification of Andhra Pradesh Secretariat

The Andhra Pradesh Secretariat premises was given a new look with landscaped gardens.

Lumbini Park

The Lumbini Park, situated in the heart of the city was developed in 1994-95. The five-acre park comprises a floral clock, nature trails, children's play area, musical fountain, etc. Lumbini Park records an average of 10,000 visitors every day.

NTR Gardens

NTR Gardens is one of the most picturesque and sprawling gardens developed in the heart of the city. Spread over an area of 34 acres, this park serves as 'green lungs' for Hyderabad's exploding population. It is a vibrant park with attractions like a toy train, water slide, machan tree, fruit restaurant, car café, Japanese gardens and an array of mystifying fountains and roaring cascades. The National Geographic

Magazine (November 2002) in its "cities of the future" has described NTR Gardens as an 'Urban Eden' and recognised it as an example of world-wide vision in good urban governance. Now in Hyderabad, it is a tourist destination with 2.1 million visitors annually with annual gate collection of Rs.3.65 crores.

Walkway Gardens - KBR National Park

HUDA has undertaken beautification of the Walkway Gardens around the Kasu Brahmananda Reddy (KBR) National Park along with the development of a world-class jogger's path and decorating the area between the jogger's path and the road with a landscaped garden.

The jogger's path is six metres wide and 5 km in length with a kerbed wall on either side, the land between the jogger's path and the road for the entire stretch has been shaped and the most spectacular landscape gardens have been developed without disturbing the natural land forms. Tree groves, flowering shrubs and lawns are developed to enhance the beauty of the existing site. The existing landscape and natural rocky outcrops and big natural boulders have been utilised to develop 15 rockeries adjacent to the jogger's path. 1500 walkers use this landscaped gardens daily.

Green Flyovers

For the first time in the country, the intervening spaces between the piers under the flyovers are laid with beautiful gardens decked with colourful plants and fountains. HUDA has developed greenery under all the flyovers situated at Begumpet, Paradise, Basheerbagh, Tarnaka, Nayapool parallel bridge, Hari Hara Kala Bhavan, Masab Tank and Narayanguda.

Development of gardens along Necklace Road

Landscape gardens along the 3.5 km Necklace Road to a width of 50 feet have been developed with rolling lawns overlooking the lake.

Development of parks in peripheral Municipality

The main objective of the gardens created at various locations across the city is to create microclimate zones. Such microclimate zones with recreational facilities have been planned in the following municipalities:

- Uppal Traffic Junction park (Uppal Municipality)

- Patelkunta (Kukatpally Municipality)

- Bomrukdowla park/nursery (Rajendranagar Municipality)

- Dr A. S. Rao Nagar (Kapra Municipality)

Greening Residential Colonies

- 1000 Residents' Welfare Associations in different parts of the city were made models in greening the city;

- More than 5 lakh people were involved, making it a people's movement;

- HUDA supplies tree guards to Resident Welfare Associations (RWA) and Gram Panchayats at a subsidised price of Rs.100/- each and the RWAs and Gram Panchayats are actively involved in greening the residential colonies on a participatory approach.

Recognitions/Awards

HUDA has the unique distinction of bagging

- The most prestigious National Award - Indira Priyadarshini Vriksha Mitra Award for 1998

- Andhra Pradesh State Award - Vana Mitra for 1999

- HUDCO's Green City Award for two consecutive years (in 2000 and 2001)

- Excellence Award given by Good Governance India in 2002

Lessons Learnt

There were several lessons from the pilot stage which were partly internalised during that phase itself, but institutionalised in the current project and other initiatives made independent of the project. They were: importance of building public awareness, conducting public consultations, conviction in and commitment to the programme as evidenced by participation of high-profile individuals and above all a) unhesitating participation of all stakeholders; b) some ethical underpinnings such as finding ways of helping the under-privileged; and c) institutional mechanisms for ensuring sustainability.

Mechanisms for Sustainability

Be it for saplings planted or lakes regenerated, stakeholder-driven management bodies called Vriksha Samrakshana Samithies (for trees) and Sarassu Samrakshana Samithis (for water-bodies) are institutions envisaged to cover long-term biomass management needs. At the administrative level, a committee was also planned involving line administrators to avoid conflict of interests in any area, once biomass was created or regenerated. As a legislative measure, Water, Land and Tree Act has come into force from 19th April, 2002, contributing to the sustainability of urban environment based on the experience gained in the pilot project. Yet another aspect in this was protecting customary users' rights: open-access lands are the main source of collection for the poor even if they happen to belong to a community or to institutions. Such custom was protected as a condition of undertaking afforestation/ plantations in community/institutional lands at project expense. The advantage of legislation and NGO support was invoked wherever possible.

Social and Economic Sustainability

The project is sustainable socially and economically without any external aid beyond project period, because the project lays a strong base of involvement of RWAs, NGOs, Self-Help Groups, thrift groups, slum dwellers and other stakeholders providing direct and indirect benefits of income generation, acquiring skills, confidence building, wages, fuel, fodder and recreation.

Cultural Tie-up

The project involves several stakeholders such as RWAs, local bodies, private and public sector undertakings, government institutions, NGOs, women groups, slum dwellers and citizens. There is in-built interaction and mechanisms for formal cooperation among the people drawn from different strata. Therefore, there is cultural tie-up and consequent cultural sustainability.

Environmental Conservation

The project methodology focuses on urban greening and lake conservation through scientific studies and research interventions. Therefore, on completion of the project the benefits derived would be - cleaner air, drinking water and hygiene leading to a well-planned and pleasant environment.

16. Municipal Action Plan for Poverty Reduction (MAPP): A Participatory Process in Urban Development

Introduction

Within a generation the majority of developing world's population will live in cities and towns. It is not merely the scale of urbanisation that is unprecedented, but also the nature of the process. A poorly managed urbanisation process breeds a host of social and environmental problems starkly evident in the worsening of access to shelter and security of tenure that results in severe over-crowding, homelessness and environmental health problems, large and growing backlogs in delivery of basic services to urban residents and increasing inequality in cities, manifested in stark residential segregation, increasing violence impacting disproportionately on women, the poor, and more generally intensifying poverty.

Andhra Pradesh has been experiencing fast urbanisation during the last few decades. About 75% of the urban population live in Class I towns (with over 1 lakh population) as per 2001 census. Moreover, urbanisation trends point to a gradual movement in the population from Class II and Class III towns to Class I towns. This, while signifying the importance of Class I towns in the State's urban scenario, calls for urgent developmental interventions to enable these towns to better manage the fallouts from the urbanisation process. This assumes greater importance in the context of the urban poor in AP, given the fact that nearly 26% of the urban population in AP lives below the poverty line compared to 11% in rural areas. The key challenge, therefore, for urban local governments is to provide sustainable livelihoods, safe and secure living environments and a better quality of life for the urban poor.

Andhra Pradesh Urban Services for the Poor (APUSP), launched on 29th September, 2000, is an innovative partnership project of the Government of Andhra Pradesh and Government of United Kingdom to be implemented in the 32 Class I towns of the state. Its goal is sustained reduction in vulnerability and poverty of the urban poor in Andhra Pradesh. It seeks to make the poor in Class I towns benefit from improved access to more appropriate and sustainable services. The project was built on the experiences of slum improvement projects supported by Government of UK and other development programmes implemented in the State during the last two decades. The Project was designed with an outlay of Rs.745 crores to be implemented in a period of 7 years. The Municipal Action Plan for Poverty Reduction (MAPP) is a core element of APUSP and forms the basic framework for effective municipal performance, better service delivery and community participation.

Situation before the Initiative

The previous slum improvement projects concentrated on discrete geographical areas and were largely supply driven. This approach failed to address the needs of the poor who are not resident in designated slum areas. It also failed adequately to involve the poor in decision making; or to integrate the project into broader urban poverty strategies and city-wide planning. Sustainability of earlier projects was further constrained by the limited resources and capabilities of the municipalities charged with operating and maintaining the facilities provided by these interventions. Incentives to improve municipal performance were also limited.

Municipal governance and planning were characterised by ad hocism and lack of responsiveness to the needs of people; particularly the poor and disadvantaged. Integrated planning and reform orientation were almost absent. Decision-making was centralised and resource allocation for development was dominated by political considerations. Community consultations, participation, transparency and openness were absent.

APUSP - Project Details

The Project has three mutually complementary components, viz.:

- C1 - Reforms for municipal performance improvement;
- C2 - Provision of Environmental Infrastructure in identified poor settlements; and
- C3 - Strengthening civil societies.

Component 1 reforms are in the areas of policies, management practices, institutional structures, participatory planning process, strengthening municipal resources, capacity building and human resource development, effective service delivery, accountability and increase of municipal responsiveness to community needs. For these reforms Rs.120 crores have been budgeted.

Component 2 envisages provision of water supply, drainage, roads, streetlights, sanitation and solid waste management in poor settlements. There is also provision to link the infrastructure in the poor settlements with the citywide infrastructure. For this purpose Rs.525 crores have been budgeted.

Component 3 aims at strengthening civil societies to enable them to become partners in city management and governance. The strengthened civil society is expected to become a partner in articulating city level policies, participate in planning and prioritisation and contribute to sustainable development. An amount of Rs.100 crores was budgeted for this component.

The project was designed to keep Component 3 separate from Components 1 and 2 with a view to facilitate greater focus on participatory and consultative processes at the municipal level. The strengthened civil society, it was hoped, would contribute for performance improvement and service delivery through active participation. But after two years of implementation, it was felt by the DFID, the State Government and the municipalities that an integrated management of all the three components would contribute for better project implementation. As a result, it was decided to integrate all the three components under the Project Coordinator.

Project Administration

To implement the programme, an Empowered Committee under the chairmanship of the Principal Secretary, MA&UD Department, has been constituted. The Project Coordinator is responsible for day-to-day programme management and for coordinating and implementing the project. The State Government has constituted Appraisal and Monitoring and Municipal Strengthening Units to implement the Project. For extending technical assistance, consultants have been appointed.

At the district level, the APUSP District Coordination Committees were constituted under the chairmanship of the District Collector to supervise and monitor the Project implementation. In particular, it is responsible to facilitate convergence with related line departments, coordination of

APUSP with other development programmes and monitor the progress of implementation, including quality and timely completion.

Municipal Action Plan for Poverty Reduction

Preparation of a Municipal Action Plan for Poverty Reduction (MAPP), in a participatory and transparent way, by the municipality is an essential condition for accessing Project funds. MAPP is a framework for improved municipal performance and better service delivery. It incorporates proposals to improve municipal capacity to address community needs, identify sub-projects for poverty reduction and to develop responsiveness towards community needs.

MAPP is a key tool for the municipalities to set out proposals for environmental infrastructure, municipal reform, performance improvement and social development. Its other key features are:

- Plans ahead for 2 years;

- A rolling programme updated every year;

- Satisfactory performance on Basic MAPP will permit graduation to next stage of MAPP;

- Eventually links to municipal budget cycle;

- Improves finances and working arrangements linked to infrastructure delivery for the poor;

- Brings poor people into decision-making;

- Serves to co-ordinate all sources of funds for poverty reduction;

- Provides a framework for full participation from a wider range of municipal stakeholders, particularly the poor and vulnerable, facilitating social equality;

- Provides a forum for accountable and transparent city governance with consultative process to improve the living environment in poor settlements and municipal performance improvements in finance, management and service delivery;

- Prepare plans for infrastructure investments through community based micro-planning process, promoting gender equity; and

- Encourages multi-disciplinary team working involving inter-agency coordination.

The major objectives of MAPP are:

- Enabling municipalities to become more efficient and responsive to the needs of the community;

- Improving environmental infrastructure for the poor;

- Identifying and undertaking other poverty reduction measures;

- Encouraging active participation of the poor;

- Improving overall efficiency, effectiveness and responsiveness;

- Achieving convergence with other GoAP, GoI and other programmes;

- Enabling municipalities secure APUSP funds;

- Promoting openness and transparency;
- Civic engagement in city governance.

Principles of MAPP

The principles of MAPP have the highest level of political and executive support; clear demarcation of responsibilities for MAPP preparation; consultation with poor communities; active involvement of ward members and municipal staff; and transparency and accountability at all stages. Initially every municipality/corporation prepares a Basic MAPP to be implemented in 1-2 years. The MAPP is prepared based on the existing information to initiate a manageable number of simple reforms and aims at provision of infrastructure in few settlements.

MAPP's purpose is to reduce vulnerability of urban poor through integrative and participatory approaches to municipal development. It aims to improve responsive systems of municipal management, and for the first time, enables communities to play an equal and active part in prioritising their own urban service needs. It also aims to induce municipal reforms in finance, management and O&M areas.

Two Stages of MAPP

The project was designed to be implemented in two stages. The first stage involved preparation of Basic MAPP. After successful implementation of the Basic MAPP, the towns graduate to a Comprehensive MAPP (CMAPP) involving preparation of a 3-5 years' perspective plan incorporating major reforms and services in a phased manner.

The Basic MAPP process was initiated in all the towns adopting the participatory methodologies in preparing action plans. The plans were formulated based on existing information on different dimensions of poverty, infrastructure as well as governance. During the period of Basic MAPP implementation, data relating to these aspects would be generated for preparing Comprehensive MAPP in subsequent years.

The second stage is called Comprehensive Municipal Action Plan for Poverty Reduction (CMAPP). It is a perspective plan with a 3-5 years' timeframe. The CMAPP incorporates the challenge fund concept. There is no automatic entitlement for project funds. Access to funds depends on performance. The project provides incentives for towns to set their own targets and to improve their performance. The challenge for ULBs is to effectively use the incentives to get access to progressively higher levels of funding for successive annual cycles of MAPP. Commitment to reforms and participatory processes in planning and implementation of MAPP continue to be the core features of CMAPP. It adopts comprehensive community planning with a bottom-up approach, covering not only infrastructure needs but also socio-economic and other needs of poor settlements. It's other features include integration of Component 3 with the other two components under the Project Coordinator; key role for the regional officers of MA&UD Department, viz., Regional Directors of Municipal Administration, Superintending Engineers and Deputy Directors of Town Planning in the preparation, implementation and monitoring; greater responsibility for the municipalities to facilitate ownership of the programme; emphasis will be on convergence between the three components of the project as well as convergence of resources of APUSP with municipal, state, central, NGO, financial institutions, private sector, etc.

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The MAPP Process

To facilitate the MAPP process, clear guidelines have been formulated. The process involved workshop-based consultations, building local stakeholder support, participatory planning, finalising proposals through an analytical process based on effective information system and objective criteria, etc. The MAPP methodology included extensive use of IEC tools, viz., video films, booklets, group interactions, capacity building of stakeholders, etc. The CMAPP cycle details the preparation process.

As part of the MAPP preparation process, municipalities organise a series of workshops and consultations involving councilors, members of working groups, representatives of CSOs including CBOs, NGOs, etc. The WGs meet several times to discuss and to reach conclusions on developmental issues. They analyse the status of poor settlements and environmental problems to plan municipal activities and to take investment decisions. The Poverty-Infrastructure Matrix has proved to be a very effective instrument for transparent decision-making and political acceptability. MAPP preparation encouraged team-work through a process and institutional arrangements, with clear roles and responsibilities. They formulate a vision for the town keeping a ten year timeframe. They identify the problems, analyse causes and finally articulate proposals for reforms and infrastructure provision.

To facilitate the process and to prepare the MAPP through extensive consultations with civil society including urban poor communities, each town constituted four committees as detailed below:

- Municipal Reforms Committee under chairmanship of the Municipal Chairperson, to provide strategic support for the preparation and implementation of MAPP;

- Municipal Task Force, under the leadership of the Municipal Commissioner, with responsibility for project preparation and implementation and to support Municipal Reforms Committee and Working Groups;

- Working Group 1 on municipal performance improvement under the leadership of chairperson, to undertake municipal SWOT analysis, to formulate objectives for municipal performance improvement and to prepare reform proposals;

- Working Group 2 on poverty and infrastructure deficiency, under the leadership of the Municipal Commissioner, to prepare the poverty and infrastructure matrix of all poor settlements in the town;

- Working Group 3 on social development, under the leadership of the Municipal Chairperson, undertakes an analysis of poverty situation in the areas of education, health, livelihoods, etc., and formulates proposals.

The municipalities analyse organisational strengths and weaknesses; define needed reform and performance improvements; analyse poverty and service deficiencies (Matrix) in poor settlements; undertake action planning as part of CMAPP.

MAPP Achievements

Based on the extensive consultative process, municipalities have formulated the following proposals as part of municipal reforms under Component 1 during the first stage of the MAPP.

- Computerisation of municipal records;

- Comprehensive study of revenue resources like property tax, VLT, D&O trades, advertisement tax, etc., and municipal assets;

- Establishment of eSeva Centres for efficient service delivery;

- Updating of audit and accounts;

- Base map preparation with GIS, property survey and utility mapping;

- Study of solid waste disposal and recycling;

- HRD programmes for employees, ward members and CBOs on management skills and exposure visits to best practices;

- Introduction of new technologies;

- Automatic on and off switches for saving energy;

- Provision for, or improvement in, internal and external communication system;

- Provision for engineering, town planning and public health equipment;

- Awareness campaign on personal health and hygiene;

- Comprehensive survey of infrastructure including water supply and drainage systems;

- Introduction of quality assurance systems;

- Poverty survey in all poor settlements;

- Property tax increased from Rs.57.39 crores in 2000 to Rs.139.41crores in 2003 with an increase of 142%;

- Conducting PMLP in nearly 2000 poor settlements is the first ever such exercise in participatory processes;

- Performance grading of municipalities created competitive functioning.

Similarly, based on micro planning at community level, the municipalities have formulated infrastructure proposals, both on and off-site, relating to drainage, water supply and sanitation, roads and footpaths, solid waste management and street lighting. A major focus was on targeting service delivery to meet the needs of poor groups, particularly, women. Also important to the Project will be better operation and maintenance of new and rehabilitated environmental infrastructure.

The most important and striking contributions of the process are participatory planning, civic engagement, empowering poor, better urban governance with reform orientation and changing the mindset of urban functionaries. The impact can be measured from the fact that all 32 city governments prepared MAPP documents and their implementation is in different stages of progress. For the first time in the history of urban local governance in the state, 30 Members of Parliament, 27 Cabinet Ministers, 61 members of State legislature and about 41,000 stakeholders from civil society participated in the MAPP process at different stages. This is an evidence of changing peoples' attitudes and mindset. This consultative process has introduced a town level or strategic view; people, elected

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representatives and officials began to know each other; brought better awareness about civic management problems and perspectives; development of local leadership; activation of municipal grievance cells; enhancement of official capacity particularly engineers; initiation of hygiene promotion programmes; better inter agency coordination, etc. In quantitative terms, the indicative cost of reform and infrastructure proposals of 32 project towns amounts to about Rs.176.60 crores.

After preparation of municipal action plans by the towns, a review of the process and impact was undertaken through introspection studies. It indicated that the MAPP for the first time prepared a systematic participatory planning process for identifying investment priorities.

It provided municipalities with an objective and transparent methodology for development planning, empowering the poor, sensitising municipality to the needs of the vulnerable, etc. It provided analytical tools for analysing the organisational strengths and weaknesses as well as opportunities and threats. It encouraged team-work involving stakeholders and leaders to inter-agency coordination.

Implementation Support

APUSP provided extensive training to councillors, members of working groups, officials, members of CBOs, representatives of CSOs and others on MAPP methodology. This facilitated a better understanding of the project and processes contributing to their active and effective participation at every stage of the MAPP process.

To facilitate micro planning by communities to identify infrastructure needs, extensive training and orientation was given to community groups. Training was organised for councillors, officials and others to promote professionalism and to educate and involve municipal officials, stakeholders and elected representatives.

To support implementation of specific reform and infrastructure proposals, the project provided technical support through consultants in the areas of detailed design, revenue and asset studies, GIS and utility mapping, etc., during the first stage of MAPP process. Technical assistance is a method of building municipal capacity through training the municipal functionaries in their respective areas.

Similarly, during the CMAPP stage, the following support is being provided to the municipalities:

- 130 new community development staff for social development activities;
- 34 Municipal Information and Performance Officers (MIPO);
- 33 Municipal Accounts and Finance Associates for streamlining accounting and financial matters;
- Poverty profiling through pictorial user-friendly format from all poor settlements is on;
- Engagement of resource persons for Project Towns in 9 disciplines is under way, for implementation support;
- Improved Asset Management, property and utility mapping through GIS, studies for drainage, etc., in implementation.

Lessons Learnt

In the MAPP process, principle of 'learning and doing' was adopted. The lessons and experiences from the pilots were used in four ways. A detailed review of the draft guidelines was undertaken by

inputs from stakeholders. This review contributed in preparation of final guidelines, with clearly defined processes and activities. Lessons learnt from ODA slum improvement projects and CBOs formed, and community contracts implemented under SJSRY also have been incorporated to improve guidelines. Stakeholders have proved that workshop approach and working group meetings are good platforms for participation. Stakeholders are keen to participate and contribute in urban management, if a role/place is provided to them. ULBs are willing to change, provided guidance and enabling environment is available. Lessons learnt can be further summarised as:

- Positive and constructive attitude among the key functionaries and stakeholders;
- Silent upgradation of capacity of staff due to expert advice and exposure to new and better ideas;
- Community participation is high as the MAPP process is transparent;
- Team work and development of 'we' feeling among the political community, the executive and the community;
- Created conducive atmosphere for reform process.

Sustainability

MAPP achieved an integration of social, economic and environmental elements of sustainability in the form of improved access by urban poor to municipal infrastructure and poverty reducing services in a participatory manner. Such benefits will lead to improved quality of life. The social, environmental and economic benefits are:

- **Social benefits:** Participatory processes result in improved understanding of urban poverty and responsiveness to the problems of the urban poor. Accessibility to city government is increasing and is becoming responsive to the needs of poor; MAPP involved communities, particularly women, thereby achieving social inclusion and gender equity. Selection of infrastructure by communities developed ownership of assets, facilitating community participation in O&M of infrastructure.

- **Environmental benefits:** Infrastructure investments in poor settlements will have considerable environmental benefit, leading to better quality of life. Capacity for environmental protection standards in infrastructure and town planning developed with training programmes.

- **Economic benefits:** Municipal strengthening, particularly in the areas of finance, will result in widening the municipal programmes and greater expenditure on infrastructure and services. There will be benefits for the towns in terms of job creation. More generally, the towns will become more efficient and effective places to conduct economic activities. With provision of infrastructure, poor people access water and basic services and pay tariffs, contributing for improvements in municipal revenues.

Looking Ahead

Acceptance of MAPP methodology by all the 32 cities with divergent political, regional and social backgrounds proves its adaptability and replicability. MAPP methodology, process, lessons learnt

and experiences are being shared with other states in the country to transfer knowledge and expertise. Bilateral and multilateral donor agencies have broadly agreed to adopt MAPP philosophy and framework for funding urban sector programmes in the state.

Municipal Action Plan for Poverty Reduction (MAPP) is a forerunner in scientific management of urban problems. It is emerging as a city development strategy. It facilitates "inclusive city" approach, as citizens, particularly the poor, are involved in municipal decision-making, which is open and transparent. It includes a visual and systematic planning methodology so that cities can understand action planning, build ownership and analyse information, participatory decision-making, community consultation and political consensus. MAPP provides the framework for realising the urban development goals set out in Andhra Pradesh Vision 2020 which envisages that by year 2020 cities and towns in Andhra Pradesh *"will be planned, economically productive, socially just, environmentally sustainable, culturally vibrant, friendly and safe...The local bodies would function in a participative, transparent and accountable way."*

17. Single Window System (SWS) in Andhra Pradesh

Introduction

The Government of Andhra Pradesh has enacted the "Industrial Single Window Clearance Act No.17 of 2002" to process and issue different permissions to set up an industrial undertaking in Andhra Pradesh.

The approvals are issued in a time bound period from a single stop shop called the Single Window. There is a provision of deemed approvals, if the concerned department fails to issue the approval within the prescribed time limit. Under the Single Window Act, the Government has notified and constituted different agencies/committees for receiving, processing and monitoring applications under the Single Window Act.

Analysis of Single Window System, August 2003

Large and medium Industries

% of Approvals issued within time limit	:	91%
% of Rejections	:	3%
% of Deemed Approvals issued	:	3%

Tiny/Small Scale Industries

% of Approvals issued within time limit	:	82%
% of Rejections	:	4%

Very low percentage of rejections and deemed approvals in large and medium as well as in tiny/small scale industries shows the impressive effectiveness of the system and the concerned departments.

The following are the two Nodal Agencies notified by the Government for receiving and processing the applications of the industrial undertakings.

District Level Nodal Agency: District Industries Centre has been notified as a Nodal Agency for receiving, processing the application of the unit having investment upto Rs.1.00 crore in plant and machinery and also for providing secretarial services to the District Level Committee.

State Level Nodal Agency : CDCC Wing of Commissionerate of Industries has been notified as a Nodal Agency for receiving, processing the proposals of the unit having investment in the plant and machinery above Rs.1.00 crore and also for providing secretariat services to the State Level Committee.

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The Approval system under the Single Window Clearances System

```
                    ┌─────────────────────────────┐
                    │  Application of the Industrial│
                    │        Undertaking           │
                    └─────────────────────────────┘
          Small Scale Industry  │  Large and Medium Industry

   ┌──────────────────────┐        ┌──────────────────────────┐
   │ District Committee    │        │ State Committee           │
   │ Chairman: District    │        │ Chairman: Commissioner    │
   │ Collector.            │        │ of Industries             │
   └──────────────────────┘        └──────────────────────────┘

┌──────────────────┐ ┌──────────────────┐  ┌──────────────────┐ ┌──────────────┐
│ Approved or      │ │ Conditional      │  │ Conditional      │ │ Approved or  │
│ Rejected         │ │ approval with    │  │ approval with    │ │ Rejected     │
│                  │ │ modification to  │  │ modification to  │ │              │
│                  │ │ state law        │  │ state law        │ │              │
└──────────────────┘ └──────────────────┘  └──────────────────┘ └──────────────┘

                            ┌──────────────────────────────┐
                            │ Conditional approval with     │
                            │ modification to state law     │
                            └──────────────────────────────┘

            ┌──────────────────────────┐   ┌──────────────────────────┐
            │ Conditional approval with │   │ Approval with necessary   │
            │ modification to state law │   │ modification or Rejected  │
            └──────────────────────────┘   └──────────────────────────┘

                    ┌──────────────────────────┐
                    │ State Board               │
                    │ Chairman: Chief Minister  │
                    └──────────────────────────┘

            ┌──────────────┐        ┌──────────────────────────┐
            │ Rejected     │        │ Approved with the         │
            │              │        │ necessary modification    │
            └──────────────┘        └──────────────────────────┘
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Committees and Board for SWS

- **District Committee: (Under section 3)**

District Committees were constituted under section 3 of the Single Window Clearance Ordinance 6 of 2002 vide G.O. Ms. No.266, Industries and Commerce (IP) Department, dated 27.6.2002 consisting of following members :

1.	District Collector	Chairman
2.	GM, DIC	Member
3.	BM, APSFC	Member
4.	Deputy Chief Insp. of Factories	Member
5.	EE, APPCB	Member
6.	SE, DISCOM in-charge	Member
7.	DPO	Member
8.	RDD, T & CP	Member
9.	Rep. of Industry Association (to be nominated by District Collector)	Member

Powers and Functions of District Committee

- Process unit applications with investment not exceeding Rs.100 lakhs in plant and machinery;

- Close coordination between approving authority and the entrepreneur to ensure timely clearance;

- The status of disposal of applications shall be monitored by the District Committee once in a fortnight;

- The District Committee shall communicate the approvals and rejections in the prescribed form;

- In case of deemed approvals, the committee shall inform the deemed approval in the form prescribed;

- The District Committee shall submit a monthly report on the processing of applications to the State Committee;

- In case of rejection of clearances or approvals of SSI units with modification under State Laws by the competent authority, the District Committee shall examine the issues involved and forward appropriate cases in the form of reference to the State Committee.

State Committee: (Under section 4)

The State Committee was Constituted under section 4 of the Single Window Clearance Ordinance 6 of 2002 vide G.O. Ms. No. 267, Industries and Commerce (IP) Department, dated 27.6.2002 consisting of following members:

1.	Commissioner of Industries	Chairman
2.	MD, APSFC	Member
3.	Director, Factories	Member
4.	Member Secretary, APPCB	Member
5.	Addl. Scry./Jt. Scry., Energy Dept.	Member
6.	Commissioner, PR Dept.	Member
7.	Addl. Scry./Jt. Scry., MA & UD Dept.	Member
8.	Scry. to Chief Commissioner, Land Admn.	Member
9.	Addl. Director of Industries, (in-charge of State Level Nodal Agency)	Member
10.	President, FAPCCI	Member
11.	President, CII, AP Charter	Member

Powers and Functions of State Committee

- Process unit applications with investment exceeding Rs.100 lakhs in plant and Machinery;

- Close coordination between approving authority and the entrepreneur to ensure timely clearance;

- The status of disposal of applications shall be monitored by the State Committee once in a fortnight;

- The State Committee shall communicate the approvals and rejections in the prescribed form;

- The State Committee shall submit a monthly report on the processing of applications to the Empowered Committee;

- In case of deemed approvals, the committee shall inform the deemed approval in the form prescribed;

- In case of rejections of clearances or approvals of Large and Medium units with modification under the State Laws by the competent authority, the State Committee shall examine the issues involved and forward appropriate cases in the form of reference to the Empowered Committee.

Empowered Committee: (Under section 6)

Empowered Committee was constituted under section 6 of the Single Window Clearance Ordinance 6 of 2002 vide G.O. Ms. No.268, Industries and Commerce (IP) Department, dated 27-06-2002 consisting of the following members:

1.	Chief Secretary to Government	Chairman
2.	Prl. Secretary (F&P)	Member
3.	Prl. Secretary (Revenue)	Member
4.	Prl. Secretary (I & COM)	Member
5.	Prl. Secretary (I & CA)	Member
6.	Prl. Secretary (Energy)	Member
7.	Prl. Secretary (T.R&B)	Member
8.	Prl. Secretary (Coord.)	Member
9.	Prl. Secretary (MA & UD)	Member
10.	Commissioner of Industries	Convener

Powers and Functions of Empowered Committee

- Review and monitoring of the applications disposed at district level and state level;

- Passing appropriate orders on the applications referred to it by State level committee;

- If the competent authority is the State Government, the case shall be referred to the State Board for decision.

State Board (Under section 7)

State Board was constituted under section 7 of the Single Window Clearance Ordinance 6 of 2002 vide G.O. Ms. No.269, Industries and Commerce (IP) Department, dated 27.6.2002 consisting of following members

1.	Chief Minister	Chairman
2.	Minister (Finance)	Member
3.	Minister (Revenue)	Member
4.	Minister (Energy)	Member
5.	Minister (Com. Taxes)	Member
6.	Minister (MI)	Member
7.	Minister (SSI)	Member
8.	Special Invitees - Concerned	
9.	Chief Secretary to Govt.	Member/Convener

Powers and Functions of State Board

- Review and monitoring of the applications disposed by the District Committee, State Committee;

- Passing appropriate orders on the applications referred to it.

Procedure for Processing SWS Applications

1. The applicant seeking to establish an industry applies in the Common Application Form (CAF) with relevant enclosures, certificates, fee receipts and attachments according to the check slip appended to the CAF.

The main enclosures include:

- Topo Plan
- Village Plan
- Site Plan/Building plan
- Machinery Layout
- Land Documents

All these plans are drawn to a specific scale.

2. All applicants furnish the form of self certification along with the application.

3. Nodal Agency acknowledges the form after submission of all enclosures.

4. The relevant parts of the CAF are served on the competent authorities within 3 working days from the date of filing and a receipt with date obtained from the competent authority from which point the clock starts.

5. The competent authority processes the application and communicates the decision to the Nodal Agency within the prescribed time limit.

6. The competent authority may ask for additional information from the applicant only once before the expiry of the time limit, under intimation to the Nodal Agency.

7. There is also a provision for Deemed Approvals in certain cases if the competent Authority fails to issue the clearance within the prescribed time limit.

Time Limits and Deemed Provisions under SWS

A. Time Limits

Sl. No.	NAME OF THE CLEARANCE	TIME LIMIT PRESCRIBED UNDER SW ACT
1	Permission of Gram Panchayat	7 Days
2	Building Permission/Licence from Municipality	7 Days
3	Approval of change of land use for industrial purpose	45 Days
4	a) Power Feasibility b) Power Connection	7 Days 23 Days
5	Allotment of land/shed in IDA/IE	7 Days (upto 1000 Sq.Mts) 3 weeks (above 1000 Sq.Mts)
6	Licence for possession and use of Rectified Spirit and Denatured Spirit	7 Days
7	Letter of Intent for Distillery	30 Days
8	Registration under APGST and CST	7 Days
9	NOC from Fire Services Department	15 Days
10	Licence to obtain and use of Chlorate of Potash	7 Days
11	a. Sanction of Water Supply through HMWS & SB b. Water Connection	7 Days 23 Days
12	a. Sanction of Water Supply through/ from other agencies b. Water Connection	7 Days 23 Days
13	Permission to draw water from rivers/public tanks	30 Days
14	Sanction of Loan/Equity from APIDC	21 Days
15	Acquisition of land other than IDA/IE	60 Days
16	Alienation of Government land a. District Collector b. Chief Commissioner of Land Administration c. Government	 15 Days 30 Days 45 Days
17	Food Grain Licence	7 Days

B. Deemed Provisions

Sl.No.	NAME OF THE CLEARANCE	CONDITIONS
1	Permission of Gram Panchayat	
2	Building Permission /Licence from Municipality	
3	a) Power Feasibility/Power Connection	Deemed approval would be subject to payment of required fee
4	Licence for possession and use of Rectified Spirit and Denatured Spirit	
5	Registration under APGST/CST	On deemed approval, the appropriate committee would allot temporary number
6	a. Sanction of Water Supply through HMWS&SB b. Water Connection	Deemed approval would be subject to payment of required fee
7	a. Sanction of Water Supply through from other agencies b. Water Connection	Deemed approval would be subject to payment of required fee
8	Food Grain Licence	

Status of SWS Proposals

State Level Nodal Agency - Large and Medium Scale Industries

Year	No. of Units	Investment in crores	Employment Generated	No. Cleared
2002-03	92	5347.18	15628	213
2003-04	63	2137.97	6575	106
District Level Nodal Agency - Small/Tiny Industries				
2002-03	747	202.29	10608	941
2003-04	1691	265.54	16412	2598

In 2002-03, 92 large and medium scale industries' total investment stands at Rs.5347.18 crores with proposed employment for 15628 persons. During 2003-04, till August 2003, total investment stands at Rs.2137.97 crores and proposed employment is 6575 persons.

In 2002-03, 747 small/tiny industries' total investment stands at Rs.202.29 crores with proposed employment for 10608 persons. During 2003-04, till August 2003, total investment stands at Rs.265.54 crores and proposed employment is 16412 persons.

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18. Public Sector Reforms: A Success Story in AP

The Government of Andhra Pradesh has committed itself to a policy of economic reforms and liberalisation with a view to ensure higher growth rate and improvement in the quality of life for its citizens. As a part of this process, the Government intends to reduce the involvement of the state or the public sector in the economic activities and concentrate its efforts on regulation of the productive sector, good governance and provision of social services such as education and health care. The public enterprise reform programme is one of the key reform initiatives undertaken by the Government of Andhra Pradesh.

GFCL Disinvestment: The crowning glory of AP's Economic Reforms Programme

When the public sector was started it was meant to be a facilitator of industrial growth and promoter of business. The Godavari Fertiliser and Chemicals Ltd has been an ideal example of standing up to such objectives. The GoAP, in association with IFFCO promoted GFCL in 1981. Today a stage has come where the GoAP must free up its resources and move on.

Over the years, the private sector has also grown and today is in a very dependable position. It was with this rationale that the GoAP put up its shareholding of 25.88% for sale in GFCL. Although the process started sometime back, the announcement for invitation of offers was placed on 10th May. In just two months and two days, the process had been completed.

The GFCL stake divestment attracted reputed and big international bidders and it is indeed a matter of pride for the Indian industry that Coromandel Fertilisers Ltd outbid them all. Despite being unsuccessful, international bidders have expressed complete satisfaction over the disinvestment process. Transparency and openness have been cornerstones on which the whole process of disinvestment has evolved.

It has also yielded results and the GoAP has received Rs.103.76 crores (Rs.124 per share), which is about 12.5 times its initial investment. There is a widespread confident belief that this disinvestment will benefit several other stakeholders - customers who are mostly farmers, the 2000 and stronger dealers' network, the local populace of Kakinada and the employees of GFCL.

The sale of GoAP stake is the crowning glory of GoAP's privatisation programme, which in turn is a major plank in the AP Economic Reform Programme on which the future of the State's economic prosperity depends. The success of GFCL now and in the future, will be a vindication of GoAP's reform efforts.

The Implementation Secretariat, set up by GoAP to carry out PE Reforms, has left no stone unturned to ensure that the transition is smooth. It has been a team effort wherein the IS drew upon the best resources. **This of course, would not have been possible but for the political commitment at the highest level and the full autonomy given to the IS.**

Creativity and out of the box thinking always pay handsomely. Anything, if done differently, has more than an even chance of scoring big. Just like the GoAP disinvestment in GFCL, in which a refreshingly new strategy was efficiently put in place. And the timing too was just perfect. The

disinvestment in GFCL is the biggest state level disinvestment of equity in the non-power sector in India till date.

The confidence instilled among the influential foreign investors is by far, one of the most important achievements in the disinvestment process undertaken by the Implementation Secretariat. This is sure to stand Andhra Pradesh in good stead when the experiences of the international bidders spread in global business circles. Two of the world's leading chemicals and fertilisers companies, Foskar, a South African Government owned company and GCT, a Tunisian company evinced keen interest in GoAP's 25.88% stock in GFCL.

In fact transparency, objectivity, efficient and clean disinvestment process conducted by the Implementation Secretariat, the main contributors to the success, won accolades from one and all including even the unsuccessful foreign bidders. **A. Pitse, Chief Executive of Foskor Ltd, has praised the IS, which handled the GFCL disinvestments stating:**

> "The entire procedure has been exemplary. We believe that GFCL's disinvestment method has put in place a reliable roadmap; there are definite lessons to be learnt for other future disinvestments initiatives in India."

Success is sweet - Privatisation at work in old Nizam Sugars Limited units

The Nizam Sugars Ltd (NSL) was established in 1937 as single unit of 100 TCD at Shakarnagar and made rapid progress over the years and expanded its capacity to 14.750 TCD by 1996. NSL's expansion and diversification projects have suffered from substantial time and cost overruns as well as stabilisation problems which have coincided with the ongoing downturn cycle in the sugar industry. By 1993-94, NSL was at the crossroads. High interest burden, low productivity, surplus labour and wage structure rendered NSL's sugar business unviable. NSL could not catch up other diversifications like setting up co-generation of power/distilleries/ethanol plants to meet the adversities of this cyclical industry. In 1995-96, NSL recorded the highest loss of Rs.22.65 crores in its 59 year history. Though the Government was extending temporary finance at an average of Rs.50 crores per annum and was also arranging other corporate loans to the extent of Rs.20 crores, this was just enough to clear the outstanding cane price arrears and other working capital needs. Capacity utilisation of NSL was shrinking during the last few years and cane crushed in 1994-95 was 15.60 lakh tonnes which almost halved to 8.13 lakh in 2001-02. In fact, the installed capacity of NSL had been reduced from 14,750 TCD in 1995 to 12,800 TCD in 1998-99. By 31st March 2000, the net worth of NSL was totally eroded and the company would have been referred to BIFR.

In view of the above background, GoAP took a bold decision to privatise NSL. Implementation Secretariat, an autonomous body set up under the Public Enterprise Department to carry out PE Reforms, successfully completed the privatisation of NSL (8 units) by following a transparent, credible process of sale of assets. In a writ petition filed by the unsuccessful bidder, the Honorable High Court in its judgment said:

> "After examining the decision-making process at every stage in light of the Invitation for Proposals (IFP) relating to privatisation of four units of Nizam Sugars Limited, the Court is satisfied that the Government of Andhra Pradesh and Implementation Secretariat have procured the best market price and have chosen a superior proposal to the unsolicited proposal as well as Best and Final Proposal of GELCON."

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If there are any doubts as to whether privatisation works, the dramatically improved performance of the five units of Nizam Sugar Limited (NSL) situated at Shakarnagar, Metpally, Medak, Latchyapetta and Madhunagar is sure to set such doubts at rest. **All the sugar and distillery units privatised are logging in better all round performances and the workers are also finding the difference and much of it to their liking.**

And so are the other important stakeholders, the farmers, who supply sugarcane to these units. These two important stakeholders should know what they are saying, as they have dealt with two different types of management.

If earlier it was an eternal wait for payments when the mills were under the effective Government control through the cooperative units, today the farmers are getting pre-determined payments within 15 days of making supplies.

Under the Government control, the five units were operating at half their capacity. Today under new private managements, the units are recording all round improvement in performance, be it capacity utilisation or cane recovery or quantum of cane crushed per day. More important, the most important stakeholders in this agro industry, the farmers, are a relatively happy lot.

Although the installed capacity of the five units is 12,800 tonnes cane crushed per day (TCD), they were only operating at 50% of their capacity during the 2001-2002 crushing season, when they were under State ownership.

According to figures compiled by the Implementation Secretariat, the cane crushed during the season 2002-03 has risen to 10 lakh metric tonnes from 8.13 lakh metric tonnes in 2001 -2002. The volume of crushing has increased by 23% and the capacity utilisation has increased by over 30%. The average cane crushed per day has also increased.

Among the host of other improvements that have taken place are increase in recovery rate of sugar from cane, rise in average cane price to farmers, increase in sugar production and timely payment to farmers. In short, a general all round improvement in performance under the new management that brought in new investments and new technologies.

Although the direct employment in the mills has reduced after privatisation, the overall benefits to the local populace in terms of increased cane farming activity, support services such as transport and contract labour have increased substantially. The NSL mills were overstaffed and the wage bill accounted for almost 20% of the turnover as against the standard industry norm of 6-8%, all over India and in the private sector mills in AP. About 30% of the employees of NSL have exited through the Voluntary Retirement Scheme of the Government during the pre-privatisation phase.

On account of the privatisation of NSL, the state has realised close to Rs.120 crores as sale proceeds. Over and above this, the estimates for tax and revenue earnings for the current year are about Rs.10 crores, which includes purchase tax on cane, excise duty and sales taxes on molasses, etc. During the preceding years, NSL depended on Government support to the tune of Rs.70 crores per annum, which has been a direct saving for the state enabling investment in social sectors and developmental programmes.

A picture of efficiency

- Recovery rate of sugar from cane has increased from 9.60 to 10.00;

- Average cane price to farmers has increased from Rs.750/- to Rs.850/- per ton;

- Production of sugar has increased from 7.82 lakh bags to 10 lakh bags;

- Average cane payment period is 15 days as against uncertainty earlier, when cane payments could be delayed by months;

- Number of cane farmers have increased by an estimated 30% and are likely to touch 30,000 (statistics under compilation by IS);

- The estimated cane requirement for the next crushing season is 15 lakh tonnes.

The tales are similar in each of the former units of NSL. All are recording better performances. The privatisation of NSL has started yielding the desired results.

Privatisation brings cheer at Hanuman Junction

The mill located at Hanuman Junction near Vijayawada was registered as a cooperative society under the AP Cooperative Societies Act 1964 and it started commercial operation in 1983 with a crushing capacity of 1250 TCD. The performance of the mill has been unsatisfactory from inception due to poor capacity utilisation, low recovery and high cost of production. All these factors led to poor performance of the mill, which resulted in accumulated losses of Rs.23.45 crores as on 31st March 2001. A decision was taken to privatise the mill. It was privatised to Delta Sugars Limited in September 2001 at Rs.11.40 crores.

Delta Sugars have since invested about Rs.8 crores in expansion of the mill and enhanced the capacity to 1800 TCD. DSL is further investing Rs.7 crores to enhance the crushing capacity to 2500 TCD during the ensuing crushing season in 2003-04. This has resulted in increased crushing of cane and the mill has crushed 2.31 lakh tonnes of sugar cane in 2002-03. This is the highest ever on the mill that was operating at 60 to 70% capacity utilisation prior to privatisation. The recovery has also reached 10 as against the previous figure of 8.9 during Government ownership.

Farmers in the region have benefited immensely owing to privatisation. The increased recovery rate of the mill will benefit farmers through higher procurement prices for cane by the mill. The cane price now paid to farmers is at the rate of Rs.868/tonne of sugarcane supplied as compared to Rs.738/tonne earlier. Above all, the new management now strictly adheres to payments to cane farmers within the stipulated period of 14 days.

When the mill was under cooperative management, farmers were uncertain about their payments to the extent that they would not supply cane to the mill at all. Like this farmer, Pateli Venkatasatyanarayana, who has been supplying cane to Hanuman Junction Cooperative Sugar Mills right from its inception in 1983: "The difference is there for anyone to see. We get paid promptly now and also are helped by the management in soft loans and timely supplies of seeds and fertilisers," he says. In fact, even the workers voice similar feelings when they said decision-making had become quicker and more responsive to the urgent professional needs, unlike in the days when babus used to delay the whole process.

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So, it is not surprising that units like the Hanuman Junction or the five units of NSL today are operating more efficiently now.

Most of the old workers continue to work at the mill, as 250 of the 337 employees have been re-employed. The Social Safety Net Programme is providing retraining to the workforce that availed of VRS. Only 87 workers availed of VRS in this company.

In addition, benefits that accrued from privatisation include:

- Soft loans to farmers for procuring high-yield variety of seeds, fertilisers etc.;

- Sugarcane area has increased about five times to 14,500 hectares from 3,000 hectares. Company has entered into an agreement with cane growers for the supply of cane to the extent of 3 lakh tonnes for the season 2003-04;

- Employment opportunities for over 10000 transport operators;

- Generation of indirect employment opportunities for many more in the cane area in the 17 km. radius around the plant.

The mill has now diversified into a range of products and attained 80% capacity utilisation. Its products are sold nationwide and the GoAP has earned more than Rs.2.5 crores in the form of revenue and taxes since the commencement of the mill.

New management injects life into an ailing Adilabad Spinning Mills

It is an industrial unit which is buzzing with activity once again. The familiar hum of the spindles and the mild dust haze in the shop floor spreads cheer among the workers. More importantly, the spinning unit, now under a new private management, has become a viable business proposition, which secures the future of its employees. This is very different from the past when workers faced uncertainty when the mill had ceased operations due to persisting losses.

The mill, privatised in October 2001, has now diversified into a range of products and attained 85% capacity utilisation. Its products are sold nationwide and the Government has earned more than Rs.3.54 crores in the form of revenue and taxes since the commencement of the mill.

The mill established in 1980 under the cooperative sector with a capacity of 25088 spindles was closed down in 1999 owing to increasing losses and un-viability. The mill had accumulated losses amounting to Rs.327 lakhs as on 31st March 1991 as against the total paid-up share capital of Rs.208.40 lakhs. All the 682 employees of the mill were relieved through VRS.

In October 2001, the mill was privatised and handed over to Sri Astalaxmi Spinning Mills for a consideration of Rs.4.54 crores. The mill was restarted immediately by the new owners with a start-up investment of almost Rs.7.5 crores. 700 employees were hired of which 150 were erstwhile employees of the mill. 250 women employees were recruited for the first time.

218 ex-employees, who availed of VRS, have been re-trained under the Social Safety Net Programme in seven different vocations and trades. More than 30% of them are effectively redeployed. "After the initial hiccups, we have managed to reach a capacity utilisation of 60% over the last nine months and today in the month of July 2003, it has reached 85%," says Mr Mahesh Khetan, Managing Partner of

the unit. Mr Rohit Mittal, who is also involved in the affairs of the Mill, says: "Our production now has found new markets and we are executing orders for customers from all over the country. Once we increase our production levels, we can consider modernising the unit and introducing a variety in product mix".

Welfare measures undertaken by the new dispensation include a canteen for the workforce and a healthier working environment replete with rest rooms where workers can relax during shifts/change of duty. The new management is also exploring low-cost financing options for increasing production and introducing latest technologies.

Fiscal gains

Fiscal Impact Analysis Study of 41 enterprises included in Phase I and II of PE Reforms reveals the following:

During the last 5 years

- Direct budgetary outgo amounted to Rs.715 crores, averaging Rs.143 crores per year;

- Gross Fiscal Impact on state finances worked out to be Rs.1243.05 crores including hidden subsidies of Rs.527 crores.

Estimated Savings due to reforms

- Government to save nearly Rs.1282 crores after netting off the cost related to VRS, debt repayments, etc., averaging Rs.256.4 crores per annum savings to the state finances;

- Nearly Rs.50 crores would be saved annually, which GoAP infuses in Nizam Sugars Ltd., through inter corporate loans;

- State's commitment for the guarantees estimated to be issued during the next 5 years to the extent of Rs.608.40 crores (Rs.485.68 crores - discounted value) would also be saved.

Reforms with a Human Face

Any reform programme is almost always a painful process. This is particularly so in the case of public enterprises. The enterprise reform programme entails job losses bringing in its wake trauma for the employees. In order to mitigate this social impact, the Government has evolved a Voluntary Retirement Scheme (VRS) and a Special Compensation Package (SCP), which provide for an attractive severance package and Social Safety Net Programme (SSNP). The Government's approach has been and will continue to be to ensure that the interests of all stakeholders, viz., the employees, suppliers and consumers are protected with minimum adverse impacts.

PE Reforms can reduce the workforce at the level of an individual enterprise while having positive impact on employment in the State's economy as a whole. The Government introduced SSNP to mitigate the impact of job loss trauma. SSNP is undertaken by the GoAP with a view to enhance skill sets of the workforce that has been relieved from employment through VRS. SSNP provides hope for the future for unemployed workers through skill improvements and/or orientation for self-employment. SSNP also liaises, interfaces and collaborates with Government and non-Government agencies for redeployment of the VRS workforce.

Number of employees who availed of VRS:		1,392
Amount disbursed under VRS (in crores):		301.56
Employees availed SSNP facility:		
	Employees Counselled:	6691
	Employees Retrained:	3429
	Employees Redeployed:	1194

Growing outreach of SSNP
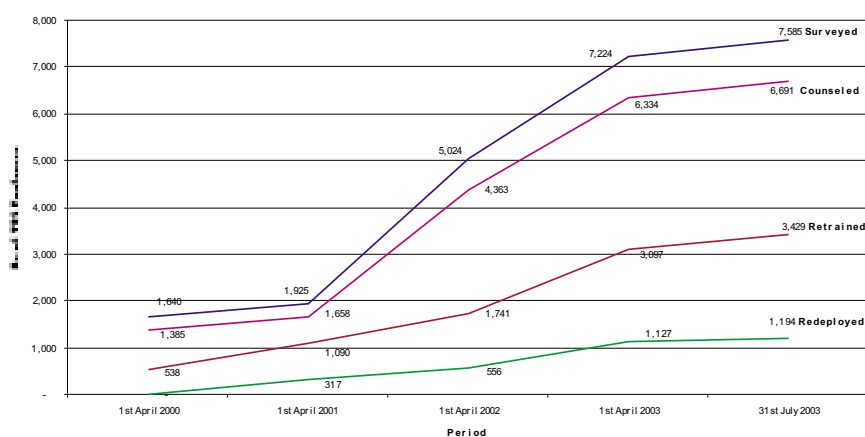
The progress and challenges ahead

If the savings generated through privatisation, closure and or restructuring is one big success story, so too is the manner in which it has been achieved against all odds. Ever since 1998-99, when the reform programme began, till date, a total of 47 units were either privatised or restructured or closed. This in itself is an achievement that has brought Andhra Pradesh under sharp focus and attention of almost every other state government for two reasons - for the results as also for the creation of a credible disinvestment process that the others want to emulate.

It has been a journey of arduous hard work and plentiful tension, given the uncertainties in the form of ill-informed public opinion and motivated campaigns of some political forces.

As privatisation and disinvestment of public sector enterprises gathers momentum under the second phase, an achievement that is smoothening the progress is the near consensus that there is no alternative to reforming the highly inefficient public sector that is eating into scarce resources that can otherwise be gainfully deployed in social sectors and used for employment generation programmes.

The Public Enterprise Reform Programme has completed reforms of 47 units to date. The programme has been worked out broadly in two phases. The phase-wise progress is as below:

		Target	Achievement
		Number of enterprises	
1999-2002	Phase I	12	11
2002-2003	Phase I - carried over	7	6
Phase II	15	15	
2003-2004	Phase II	15	15
	Total	**49**	**47**

Of the 47 units that have been restructured, 10 enterprises have been privatised, 22 have been closed down, 11 units have been restructured by downsizing the staff, and GoAP has divested its stake in 4 units.

As with experiences world over, the units that have been privatised are doing well and have mostly turned around.

Under Phase-II Action Plan, 68 enterprises are slated for PE Reforms and in view of the momentum gathered and the success achieved in the first two years of the second phase, it is expected to achieve the target much earlier than the year 2006.

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19. The Turnaround of Andhra Pradesh State Financial Corporation (APSFC)

Situation before Business Process Re-Engineering

Andhra Pradesh State Financial Corporation (APSFC) was established in 1956 under the State Financial Corporations Act, to provide financial assistance to small and medium scale industries. It has an equity capital of Rs.87.72 crores. 66% of the equity is held by the Government of Andhra Pradesh and 33% by the IDBI. Till the year ending 31.03.1992, it had sanctioned loans to the tune of Rs.1736 crores and disbursed loans worth Rs.1113 crores. APSFC was consistently earning profits and had built up reserves of Rs.35.65 crores as on 31.03.1992. APSFC attained the lead position among all SFCs in the country in terms of sanctions, disbursements and recovery.

The prudential norms, viz., asset classification and provisioning norms which were made applicable for SFCs in the year 1992-93, adversely affected all SFCs in the country. APSFC had to suddenly make substantial provisioning of Rs.80 crores. As a result, its reserves were depleted and capital also eroded. This affected the creditworthiness, market sentiment and employee morale. The sanctions of APSFC declined from Rs.265 crores in 1991-92 to just Rs.91 crores in 1993-94. The disbursements dipped from Rs.157 crores in 1991-92 to Rs.82 crores in 1993-94.

In view of increase in rates of interest, APSFC's cost of borrowing was as high as 14% p.a., which had a deleterious effect on the already wafer-thin spreads. The high incidence of sickness in small and medium scale sector also had its toll. Due to adverse economic conditions, the loss, primarily on account of provisioning, rose to Rs.136 crores by 1996-97. This resulted in low employee morale and waning confidence in the entrepreneurs about the capability of APSFC to extend further loans.

Initiatives and measures taken by the Management

Undeterred by the unexpected setback, APSFC took stock of the situation and evolved a strategy of combining process re-engineering and earning of profits, pending restructuring.

APSFC management made an incisive analysis of the causes leading to deteriorating health of the corporation. It held a series of meetings with employees and customers to instill confidence and evolve a consensus on a turnaround strategy. Confidence building exercises were undertaken at the branch level whereby goals of the Corporation and role of the employees were clearly delineated. The Corporation believed in the adage of "read the change and lead the change" and acted accordingly.

The corporation recognised that the turnaround strategy should be based on:

"Customer-centric growth with employee-centric change"

To attain 'customer-centric growth' in sanctions and disbursements the following measures were taken:

i) Customers - Our Engines of Growth

Good entrepreneurs were identified, who could be critical drivers of the turnaround of the corporation. To retain existing good customers and also to bring in new customers into our fold, special schemes were introduced to extend loans at competitive rates of interest, liberal funding and timely assistance.

ii) Reach-out strategy - Counsel, teach, coach and preach

Detailed deliberations were held with various developmental agencies like APITCO, Commissioner of Industries, NISIET, etc., and the concept of One-Day Entrepreneur Awareness Seminars (1DEAS) was launched to reach out to entrepreneurs. As part of the reach-out strategy, APSFC went to the doorsteps of the entrepreneurs, convened awareness seminars, gave speedy sanctions and disbursements and regained the confidence of entrepreneurs.

iii) Citizens' Charter introduced

A citizens' charter was also prepared in consultation with clients and public.

iv) 1DEAS - Create the demand for loans

One Day Entrepreneur Awareness Seminars (1DEAS) were conducted to foster entrepreneurship and create awareness of emerging opportunities. In the last 4 years, the 1DEAS meetings have helped the corporation to improve yearly sanctions from Rs.282 crores to Rs.420 crores and to sustain the level of sanctions despite the two years of drought and in spite of intense competition from commercial banks.

v) Parishramika Vijetha Awards - Recognition of entrepreneurship

As entrepreneurs are most crucial for creation of jobs and wealth in the society, APSFC honoured outstanding entrepreneurs for their initiatives and innovations with Parishramika Vijetha Awards. This has spurred them to do even better and excel further.

vi) Remarkable reduction in transaction time

The average processing time was remarkably reduced from 32 to 25 days for larger volume loans, while the process time was reduced by 50% from 9 days and 4 days to 5 days and 2 days for the loans sanctioned to the zonal level and branch level cases respectively.

Reduction in transaction time has become our marketing highlight and 'differentiating' advantage over banks. To serve the customers better, the corporation has also improved its computerisation processing.

vii) Lending Policy - A transparent public policy document

The lending policy was formulated in the beginning of each financial year and the policy is made a public document so that the entrepreneurs are assured of transparency in the handling of their proposals.

viii) Unique selling proposition - Customer Relationship Management

Our Unique Selling Proposition has been user-friendly service with a smile, reduction in transaction time and transaction cost. Our customer relationship is based on responsiveness, retention of customers and building life long loyalty and mutual benefits.

This customer centric-growth was complemented by 'employee-centric change' through:

i) Change Management and Employee Motivation

A series of interactions were held with employees at various levels to welcome 'Change Management' which helped change the mindset of employees. Employees were motivated to undergo training and

were empowered to take ownership of work *'Plan the work and work the plan'* became their motto. These measures have improved the morale of employees, which resulted in higher efficiency and increased productivity. Employees excelled in performance.

ii) Voluntary Retirement Scheme

The low productive employees were encouraged to opt for voluntary retirement by giving them liberal benefits. 166 employees or 23% opted for voluntary retirement. The reduction in employees' strength brought down administrative and operational costs.

iii) Informed, Inclusive and Inspired Approach

All the employees put in their best efforts to improve the performance of APSFC with utmost dedication. They were 'informed', 'included', 'involved' and 'inspired'. The employees, enthused by the success in achieving targets, gained greater confidence in their competences. They voluntarily worked for longer hours, sacrificed their personal comforts and made the turnaround of APSFC a reality.

Improvement in managerial efficiency and operational effectiveness was achieved by following good Corporate Governance principles:

Best practices

APSFC has been constantly reviewing and revising various policy guidelines. It has adopted and followed best practices.

i) ISO-9001-2000 Certified Corporation

After successful implementation of standards, the ISO-9002:1994 certification was obtained for all branches in 2001 and within a year the Corporation also secured the ISO-9001:2000 certification, a record achievement. APSFC is the first SFC to have secured ISO 9001-2000 certification. As part of this exercise, the corporation reviewed all its customer-related business processes and developed internal quality procedures and manuals as required under the Quality Management System (QMS).

ii) 1DEAS - Create the demand for loans

During these seminars, the entrepreneurs were apprised of the improvements in policies and procedures and the lending policy of the corporation was made a public document, thus bringing transparency in the policies and operational aspects. The entrepreneurs who were ready with the required information on their loan proposals were accorded spot sanction of loans. The other loan applications received during the seminars were examined and in-principle acceptance was accorded across the table. The entrepreneurs were invited to give their suggestions, constructive criticism and their grievances in public meetings. The suggestions/grievances expressed by the entrepreneurs were examined, bottlenecks removed, and necessary modifications were made to the procedural guidelines to make them user-friendly.

The entrepreneurs' response to the 1DEAS seminars is increasing year after year and the corporation could attract loan proposals for financial assistance to the tune of Rs.250 crores during the 1DEAS seminars conducted during July/August, 2003 as against the proposals for loans of Rs.180 crores during the previous year.

iii) Asset quality improvement

Higher volume of sanctions, disbursements and recoveries were achieved with better appraisal and preventing any downgrading of asset quality. The standard category assets rose from Rs.256 crores in 1995-1996 to Rs.686 crores in 2002-2003.

iv) Process time reduction

The processing time was reduced and loans were sanctioned in record time. Funds were efficiently managed to maintain the spreads. Steps were taken to increase the interest revenues.

v) One Time Settlement (OTS) - Transparent decision making

Transparent OTS guidelines were formulated. 3458 cases were settled under OTS and a sum of Rs.85 crores was recovered from doubtful and loss categories in the last 5 years.

vi) New window of service

To provide better yield to entrepreneurs and general public on their surplus funds the corporation has started accepting fixed deposits from public, offering 1% to 1.50% extra rate of interest compared to banks. The Corporation has accepted fixed deposits of Rs.12.00 crores upto 31.03.2003.

vii) Studies commissioned

Management Consultants like A. F. Ferguson and Company, Administrative Staff College of India and CRISIL were engaged to advise APSFC on strategies for quick turn around and their recommendations implemented effectively.

viii) Knowledge Management

The knowledge gaps between what needed to be known and what was known were identified and the employees trained accordingly. The strategic gaps were also identified. The knowledge management exercise was tuned to fill the gaps, which helped APSFC improve its competence and overall performance.

ix) Management performance reviews

In the internal management system, weekly review meetings are conducted by the Managing Director with all the Departmental Heads at Head Office. The management system tracks progress, monitors and measures the results, and corrective action is taken on the basis of the review at the right time.

x) Head of the Department reviews

The Departmental Heads constantly monitor the performance of branch offices through video conferences with the Branch Managers on day to day basis and by conducting regular meetings at Branch Offices.

xi) Management by a Professional Board

APSFC is managed by a professional board, which meets every 20-25 days to take decisions in respect of higher volume loans. The board also reviews the performance in operational matters, formulates and reviews policy matters.

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xii) Supportive Government

The State Government is very supportive of the efforts of APSFC and is giving all encouragement to further improve performance. There is a regular interaction and close coordination between APSFC and Government officials.

xiii) APSFC - A one stop shop

With a view to providing an array of financial services to entrepreneurs, APSFC is providing counseling and escort service right from concept to commissioning of the projects. Further, dialogues are initiated with entrepreneurs to identify their needs to provide more and more services.

xiv) Entrepreneurship Development Programmes

APSFC is planning to come close to the entrepreneurs by conducting Entrepreneur Development Programmes and Training Programmes for the Managers and workers of the small and medium scale industries.

Situation after Business Process Re-engineering

i) Reduction in cost of borrowings - Better management of funds

APSFC, with better financial management, has redeemed a sum of Rs.53.77 crores of high cost borrowings out of internal generations in the last 4 years and brought down the cost of funds from around 12.63% to 10.73%. The benefit of reduced interest rates was also passed on to the entrepreneurs.

ii) Improved Asset Quality - NPAs contained

All the above steps have contributed to an increase in standard assets of 167% from Rs.256 crores in 1995-1996 to Rs.686 crores in 2002-2003. With constant monitoring and through better management, APSFC brought down the gross NPAs from 62% in 1995-1996 to 38% in 2002-2003. The net NPAs were brought down from 55% to 27% in the same period.

iii) Reduction in processing time

The introduction of QMS resulted in remarkable reduction of average processing time from 32 to 25 days for larger volume loans, while the process time was reduced by 50% from 9 days and 4 days to 5 days and 2 days for the loans sanctioned to the Zonal level and Branch level cases respectively.

iv) Increased employee productivity

In spite of 23% decrease in employee strength, employee productivity has improved in all operational spheres. Further, the per employee profit has turned positive during the year 2002-2003 for the first time after introduction of prudential norms.

v) Increased customer satisfaction

The reduced transaction time and costs resulted in reduced cost of loans to the entrepreneurs. Efforts are being continued to further reduce the cost of lending to its borrowers by locating low cost sources of money. These measures have resulted in attracting very substantial quantum of new business in the current year besides winning some of its erstwhile customers from commercial banks.

The introduction of QMS led to 92% of the customers (who responded) expressing satisfaction about the professional approach of the corporation in 2002-03, as against 79% in the previous year. Further, 96% of the customers expressed satisfaction that the dealing atmosphere was pleasant and helpful in 2002-03, as against 88% in the previous year.

vi) Concessional assistance from SIDBI and State Government

Impressed with the performance of APSFC, SIDBI has placed APSFC among Category-I SFCs and has agreed to extend special concessions. A Memorandum of Understanding (MoU) was reached between SIDBI, the State Government and APSFC for extending lower rate of interest on existing loans, rebate on new loans and further concessions in other parameters. In the context of the MoU between SIDBI, the State Government and APSFC, the State Government has agreed to extend capital contribution of Rs.6.00 crores (after a long gap of 10 years).

Outstanding Achievements

i) Impressive rise in sanctions, disbursements and recoveries

As a result of these strategic, operational and managerial measures taken, APSFC recorded an impressive growth of

154% in sanctions (Rs. in crores) (Figure 1)

168% in disbursements (Rs. in crores) (Figure 2) and
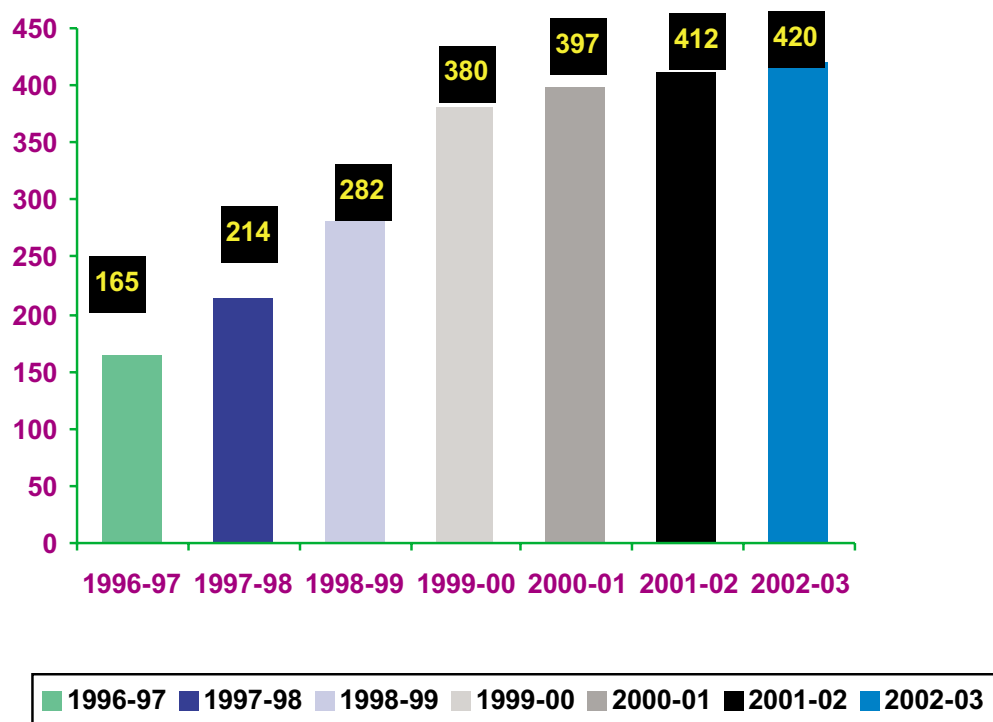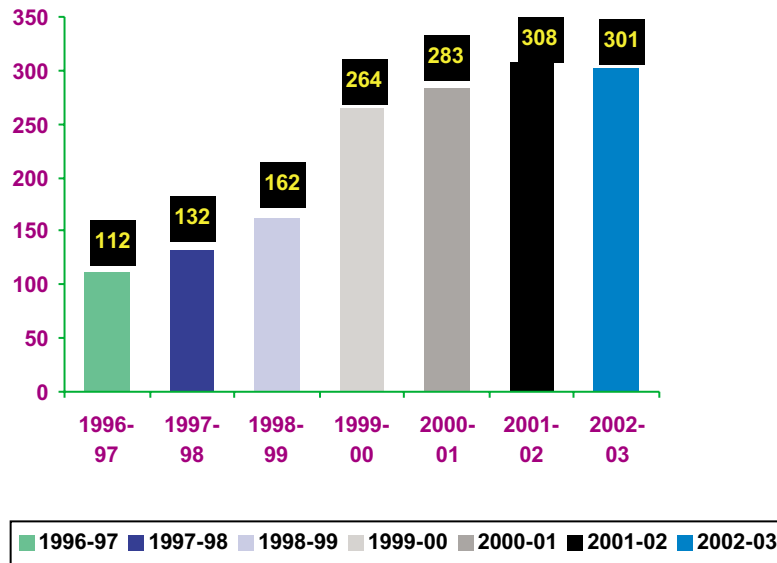
108% in recoveries (Rs. in crores) (Figure 3)

Figure 1

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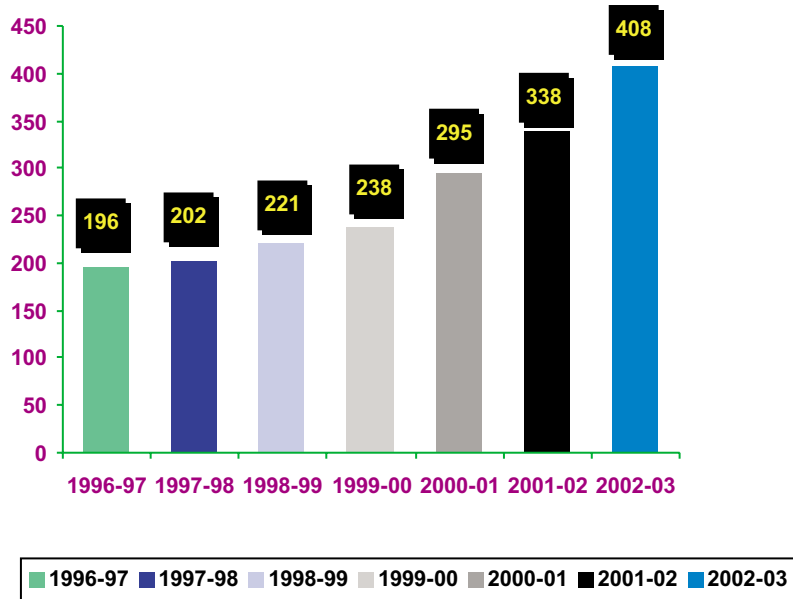
Figure 2

Figure 3

It has widened the customer base, extending larger volume of term loans by increasing the product portfolio, by giving a thrust to working capital term loans, besides extending term loans. With the spectacular improvement in sanctions, disbursements and recoveries, by the year 2001-2002, APSFC regained the coveted No.1 position among all SFCs in the country.

ii) Net profits recorded in 2002-2003

APSFC reinforced these measures during 2002-2003 and not only retained its lead position among all SFCs in the country but also made a maiden net profit of Rs.236 lakhs in 2002-2003 (Figure 4).
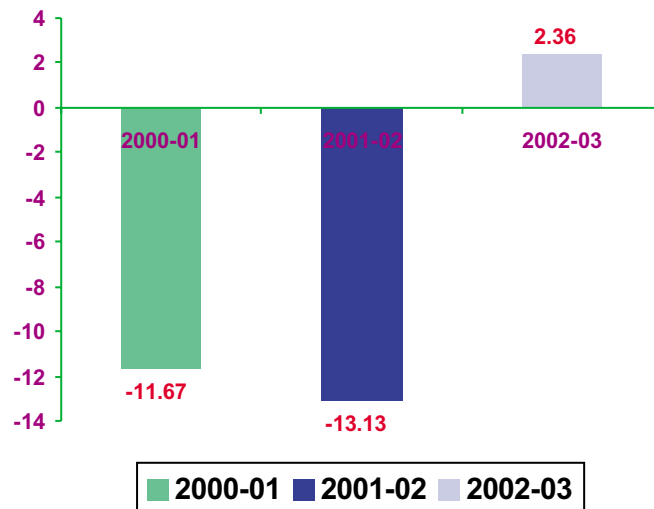
(Rs.in crores)

Figure 4

The sense of public service and commitment to good corporate governance has resulted in the overall improvement in APSFC's performance. Entrepreneurs have recognised that APSFC is the synonym for small scale industry assistance and is indeed the 'Friendly Financier' with an open door policy. APSFC is striving to continuously improve customer service by rendering timely assistance at reduced cost to borrowers through improved efficiency levels, productivity improvements, better risk management, reduction in administrative and operational costs, etc. *"APSFC does not just lend, it cares and tends".*

Lessons Learnt

- Change has to take into account both the internal and the external customers;

- The foremost priority of an organisation is to cater to the needs of those who provide business, namely its customers. Equally important is the need to instill confidence in them and provide assurance;

- It is important to sensitise employees to the needs of the organisation and bring about 'goal clarity' and 'role clarity';

- Building a consensus on the turnaround strategy is of paramount importance;

- Finally, change needs to be holistic in nature wherein financial, technical, managerial and human aspects are interlinked and interlocked.

20. Initiatives in Tourism Development in AP

Backdrop

The Vision 2020 document envisages Andhra Pradesh as the destination state of India by:

- developing high quality tourist destinations;

- creating a tourist-friendly state;

- providing the required infrastructure; and

- promoting Andhra Pradesh, both in India as well as internationally.

Tourism Development

Andhra Pradesh gets the honour of the Best Tourism Performing State with about 24% of all national tourist arrivals in the last year.

Tourist arrivals rose from 423 lakhs in 1999 to 526 lakhs in 2001 and 633 lakhs in 2002. The State has seen a growth of about 18% in domestic tourist arrivals as compared to 2001. International arrivals have recorded a rise from 1.55 lakhs in 2001 to 2.10 lakhs in 2002. The growth in international aircraft

Tourist Arrivals in Andhra Pradesh - Domestic

movement has risen by over 100% for the year 2002. Investment in tourism projects has witnessed a phenomenal increase as is evident in the adjoining graph.

The tourism boom has led to employment generation for 37.17 lakh persons in 2002, an increase of 12% over the last year.

The Department of Tourism has initiated many best practices which include:

- Public-private participation in tourism-related areas with attractive incentives and concessions;

- "Single Window Cell" for permissions and clearances for setting up tourism-related industries;

- An exclusive Investment and Liaison Cell to guide and advise prospective entrepreneurs on all tourism-related projects;

- Total computerisation of ticketing or booking any facility like accommodation, bus travel and conducted tours online;

- Tourism clubs in schools to educate children of the importance of the heritage, nature and wildlife and to provide recreation have been introduced in the districts;

- Training programmes and re-orientation programmes to the stakeholder departments;
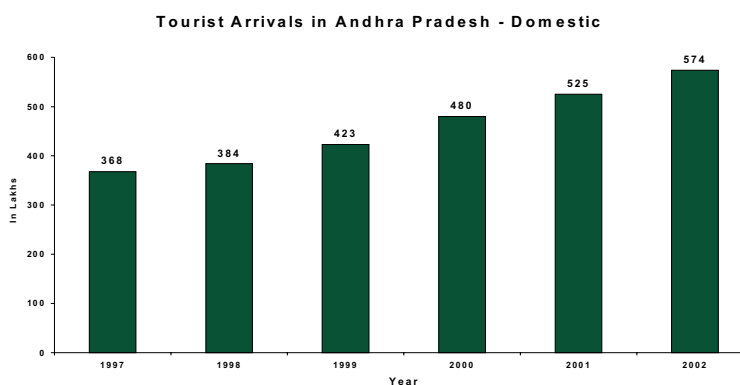
- Participatory and Responsible Tourism - whereby local communities participate and gain through interaction with visitors. They have the responsibility to respect, invest in and promote the local culture.

Not surprisingly, Andhra Pradesh, known as "The Kohinoor of India," bagged six tourism awards for excellence out of the 14 categories at the national level in tourism promotion and development last year.

Best Practices

1. For the first time, the 'AP Tourism Policy - 1998' was evolved underlining the concept of Public-Private participation in tourism related areas with attractive incentives and concessions.

2. "Single Window Cell" is helping in obtaining permissions and clearances for setting up tourism-related industry in a very simple manner.

3. An exclusive Investment and Liaison Cell has been set up to guide and advise prospective entrepreneurs on all tourism related projects.

4. The Tourism Department has gone in for total computerisation, at a cost of Rs.3 crores. Tourists can now book facilities like accommodation, bus travel and conducted tours online.

5. "Andhra Pradesh Unlimited" is the strategy of this policy. We recognise the advantage of offering the collective attractiveness of other places in the region with places in Andhra Pradesh.

6. Tourist Police have been positioned, to start with, at Hyderabad to assist and guide tourists.

7. Tourism Clubs in school to educate children on the importance of the heritage, nature and wildlife and to provide recreation have been introduced in the districts.

8. Training programmes and re-orientation programmes to the stakeholder departments and agencies are being organised regularly.

9. Local package tours on holidays are introduced in the districts.

10. Participatory and Responsible Tourism - One of the strategic moves here is to create participatory tourism where local communities participate and gain while transferring unique experience to the visitors. Without this participatory flavour, tourism will remain cold, distant, and elitist, which neither the visitors want nor is it in the interest of the host population. This product admits to Responsible Tourism:

   - Responsible Tourism implies the tourism industry's responsibility to its environment and to development of sustainable tourism;

   - Responsibility of the Government and the business community to involve local communities who are in close proximity to the tourist spot and attracting them by developing meaningful economic linkages;

   - Responsibility to respect, invest in and promote the local culture;

   - Responsibility to visitors by ensuring their safety, security and health;

   - Responsibility of the tourists to respect local culture, creating low impact wherever necessary.

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Andhra Pradesh ranks second in domestic tourist arrivals next to Uttar Pradesh. The following graph gives the status of AP in attracting tourists during the last six years. 10% growth was achieved per annum during the last 2 years. This is about 1% above the national average.

Tourist Arrivals in Andhra Pradesh - Domestic
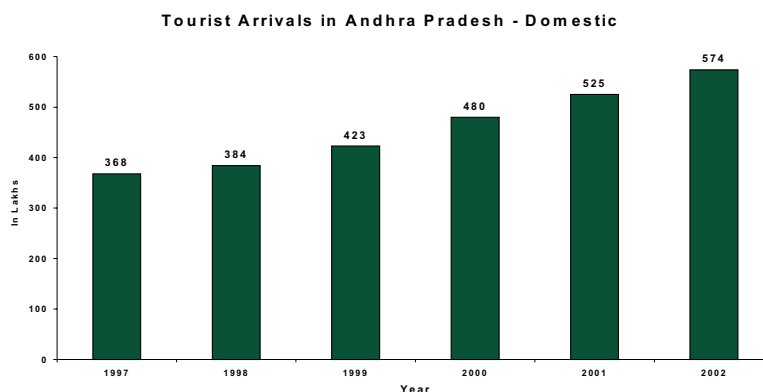
Source: Tourism Statistics, Ministry of Tourism, GoI

The various measures taken by the Government are reflected in the figures for investment in the sector.

Investment in Tourism Projects (Rs. in Crores)

	1990-91 to 1994-95	1995-96 to 1999-00	2000-01 to 2002-03
Total Investment (Govt. funded, PPP, Private Sector Exclusively)	4.35	77.89	1048

Source: DoT, GoAP

Additions

The AP Vision 2020 aims at "Taking AP to the World and bringing the World to AP".

Investment in Tourism Projects (Rs. in Crores)

Period	1990-91 to 1994-95		1995-96 to 1999-00		2000-01 to 2002-03	
Type	Number	Rs. in Crores	Number	Rs. in Crores	Number	Rs. in Crores
Government funded	22	4.35	31	11.90	84	105.00
Public Private Partnerships (PPP)	-	-	-	-	45	573.00
Private Sector Exclusively	NA	NA	23	66.00	53	370.00
Grand Total	22	4.35	54	77.90	182	1048.00

Source: DoT, GoAP

Domestic arrivals and International tourist arrivals

Year	Domestic Arrivals (in numbers)	International Arrivals (in numbers)
1996	3,34,00,000	61,000
2000	3,53,00,000	82,000
2001	5,25,00,000	1,79,000
2002	6,33,00,000	2,10,000

Source: DoT, GoAP

Employment Generation

Year	Number of People Employed (Direct or Indirect)	Growth rate
1998-99	23,00,000	10.09%
1999-00	26,00,000	12.74%
2000-01	29,00,000	8.72%
2001-02	32,00,000	10.34%
2002-03	37,00,000	17.50%

Source: DoT, GoAP

Domestic Tourist Visits in Andhra Pradesh (1997 to 2002)						
State	1997	1998	1999	2000	2001	2002*
Andhra Pradesh	36795060	38400356	42316882	47998204	52533647	63387370

International Tourist Visits in Andhra Pradesh (1997 to 2002)						
State	1997	1998	1999	2000	2001	2002*
Andhra Pradesh	94384	78976	86310	47998204	78713	210310

(Source: Tourist Statistics, Ministry of Tourism & Culture, Govt. of India

* Unpublished figures from Department of Tourism, GoAP

International Arrivals

Comparative Analysis 2002 - 03 and 2001 - 02

Aircraft Movements

Sl. No.	AIRPORT	Aircraft Movements (in numbers)					
		For the month			For the period April-January		
		Jan 2003	Jan 2002	% Change	2002-03	2001-02	% Change
1	MUMBAI	3413	3191	7.0	28903	29674	-2.6
2	DELHI	2417	2129	112.0	24235	23547	2.9
3	CHENNAI	1249	1140	147.8	12061	10200	18.2
4	KOLKATA	572	504	18.7	5254	5293	-0.7
5	TRIVANDRUM	574	482	92.3	5472	4576	19.6
6	BANGALORE	418	268	56.0	3200	2305	38.8
7	**HYDERABAD**	**401**	**346**	**15.9**	**3721**	**2787**	**33.5**
8	AHMEDABAD	212	104	103.8	920	744	23.7

Passenger Movements

Sl. No.	AIRPORT	Jan 2003	Jan 2002	% Change	2002-03	2001-02	% Change
1.	MUMBAI	508742	466431	9.1	4236616	4096209	3.4
2.	DELHI	374365	303573	23.3	3122832	3064667	1.9
3.	CHENNAI	174940	150579	16.2	1649477	1456256	13.3
4.	KOLKATA	59508	49732	19.7	482868	492885	-2.0
5.	TRIVANDRUM	69767	67242	3.8	653000	617313	5.8
6.	BANGALORE	38508	20932	84.0	303463	162034	87.3
7.	**HYDERABAD**	**44298**	**31861**	**39.0**	**382895**	**269979**	**41.8**
8.	AHMEDABAD	30425	16740	81.8	151449	137401	10.2

International Arrivals

Comparative Analysis 2002 - 01 and 2000 - 01

Aircraft Movements

Sl. No.	AIRPORT	Aircraft Movements (in numbers)					
		For the month			For the period April-August		
		Jan 2003	Jan 2002	% Change	2002-03	2001-02	% Change
1	MUMBAI	3191	2982	7.0	29674	28628	3.7
2	DELHI	2129	2338	-8.9	23547	23796	-1.0
3	CHENNAI	1140	1013	12.5	10050	10073	-0.2
4	KOLKATA	504	567	-11.1	5293	5412	-2.2
5	TRIVANDRUM	482	470	2.6	4576	4611	-0.8
6	BANGALORE	268	277	-3.2	2494	2273	9.7
7	**HYDERABAD**	**346**	**169**	**104.7**	**2787**	**1710**	**63.0**

Passenger Movements

Sl. No.	AIRPORT	Jan 2003	Jan 2002	% Change	2002-03	2001-02	% Change
1.	MUMBAI	466431	490158	-4.8	4096209	4314851	-5.1
2.	DELHI	303573	357897	-15.2	3064667	3225241	-5.0
3.	CHENNAI	150579	170783	-11.8	1455844	1523390	-4.4
4.	KOLKATA	49732	61676	-19.4	492148	515938	-4.6
5.	TRIVANDRUM	67242	68010	-1.1	617313	639367	-3.4
6.	BANGALORE	20932	15213	37.6	153560	143857	6.7
7.	HYDERABAD	31861	16711	90.7	269979	198645	35.9

Source: Traffic News, http://www.airportsindia.org.in/aai/news.htm

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21. Godavari Pushkaram: A Benchmark Event in AP

What is Godavari Pushkaram?

PUSHKARA means a twelve year period and it also refers to the twelve important rivers having religious sanctity. During this period, the planet Jupiter passes through all the 12 constellations of the zodiac circle one after another. It stays for one year in each of these constellations and returns to any constellation only after 12 years.

This movement of Jupiter from one constellation to the other brings Pushkaram to the rivers. Specifically, the movement of Jupiter from Cancer to Leo brings Pushkaram to the river Godavari. During the first twelve days of such shifting, it is believed that the energy of the waters of all the rivers extend to the river in Pushkaram. That is the reason why people take a holy dip in the water of the river in Pushkaram to get the benefit of bathing in the water of all the rivers. In the Godavari Pushkaram, people take a holy dip in the water of that river at any riparian village right from the place of its birth to the place of its merging with the Bay of Bengal.

The previous Pushkaram in the river Godavari took place during the year 1991 from 14-8-1991 to 25-8-1991. Approximately 1.3 crore people took holy dips in the river Godavari during this period.

Godavari Pushkaram-2003

Government of Andhra Pradesh conducted the mega event of Godavari Pushkaram on 30th July 2003. About 6 crore devotees took a holy dip in the river Godavari and also performed religious rituals for the departed souls in their families. Elaborate arrangements were made in the State all along the river Godavari creating about 170 Pushkaram bathing ghats passing through the seven districts of Nizamabad, Adilabad, Karimnagar, Warangal, Khammam, and West and East Godavari Districts.

Conceptualising the Event

The Government systematically planned the event and the first step in planning the mega event was identifying 'activity points' in the State all along the river Godavari where ghats have been created. Figure 1 shows the planning strategy of the Government.
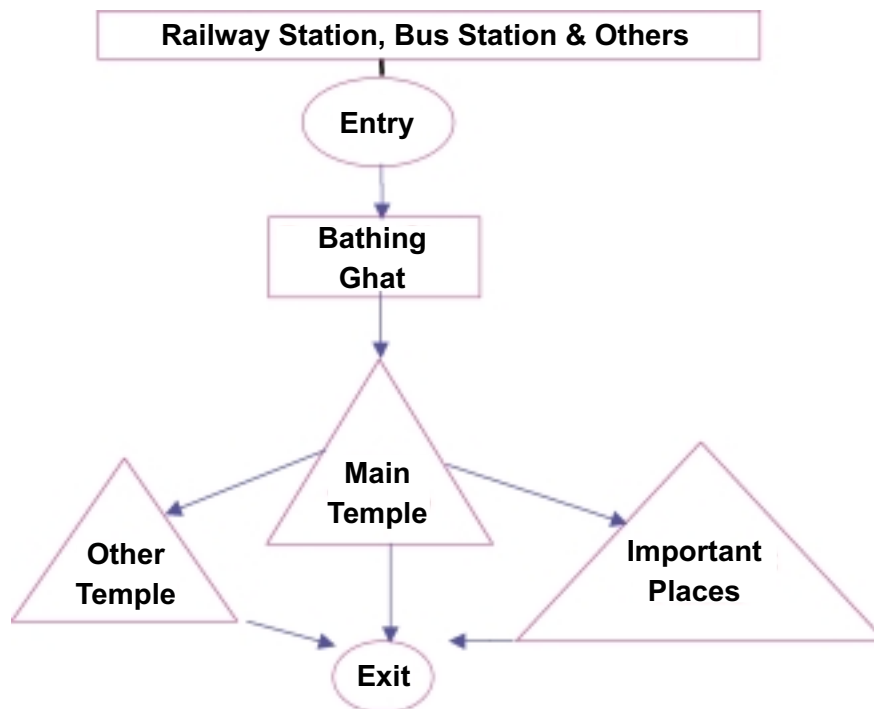
Figure 1

- The entry point for the pilgrims was through railway stations, bus stops, and other modes of entry. Elaborate planning was made at these entry points and comprehensive arrangements were made for the devotees.

- The next point of activity was identified at the ghats where comprehensive arrangements were made as given in Figure 2.

    1. Bathing ghats for bathing purposes along with rescue barricading;

    2. Rooms for changing (dress change) purposes;

    3. Platforms for Pinda Pradanams;

    4. Public Toilets;

    5. Provision of safe drinking water;

    6. Security;
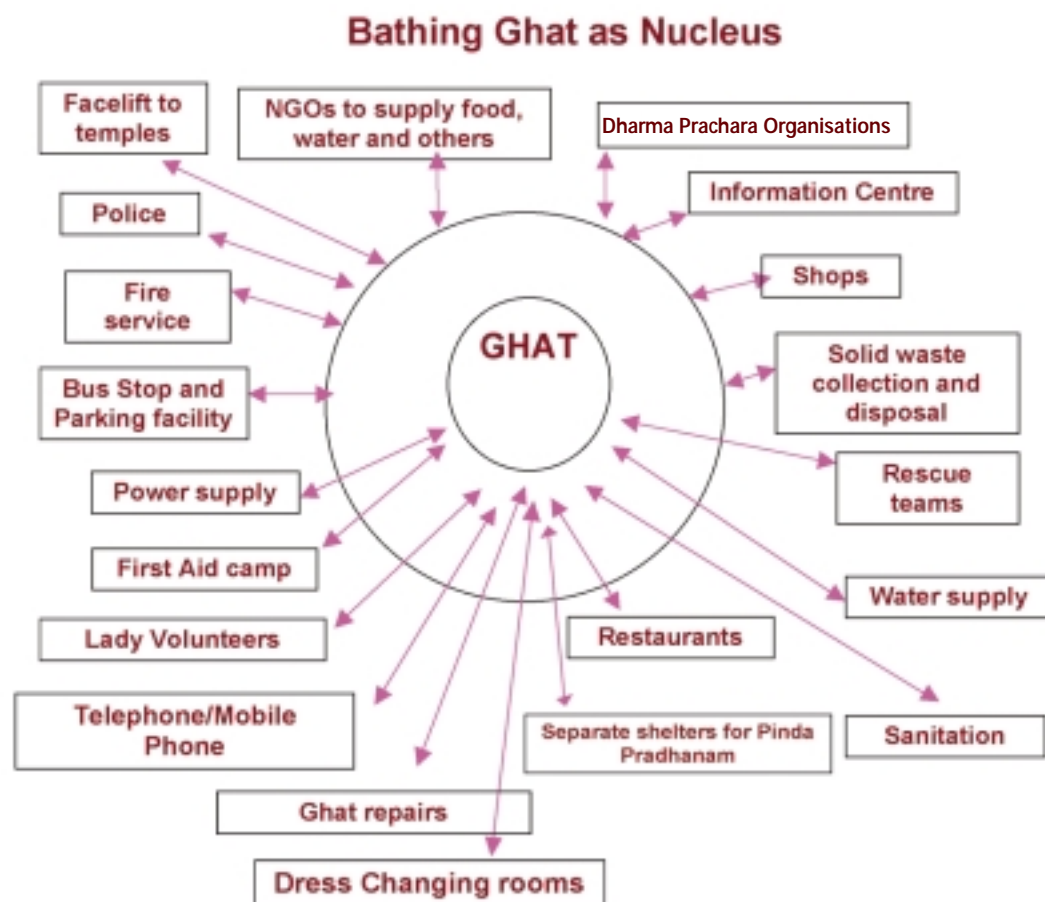
    7. Connectivity;

    8. Other arrangements.

Bathing Ghat as Nucleus

Figure 2

- The third important activity point was the surrounding temples. As shown in Figure 3, the nearest temples were renovated as devotees would opt to go to the temple immediately after having a dip in the holy waters.

In fact, the number of devotees expected by the Government to take a holy dip was about 3.5 crores, whereas, as per the District Administration reports, 6.04 crore devotees actually took the holy dip. The number of deaths due to drowning was only 9 as against 38 in the previous Pushkaram in the year 1991. It was a successful conduct of the event by the State Government on account of perfect coordination in the process, both inter and intra departments, advance planning of resource utilisation and advance preparation of both the officials involved in the organisation of the event as well as the public in general.
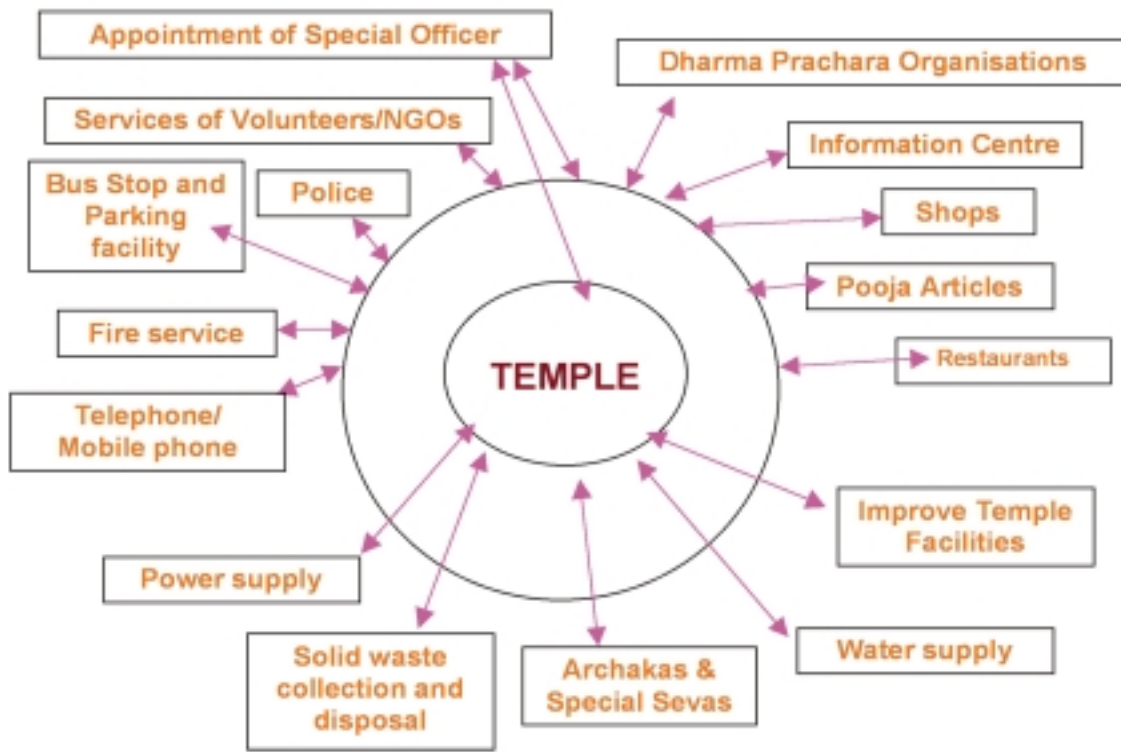
Temple as Nucleus

Figure 3

Other Arrangements

The event was successfully conducted by adopting various best practices. Some of them, pertaining to the Endowments Department are enumerated below:

Performance of Religious Rituals to the Departed Souls

This ritual is considered as one of the most important during Pushkaram and it is done by the male members of the families. It was expected that at least 70% of the pilgrims coming to have a holy dip would be performing this religious ritual. There are another set of rituals performed by the ladies during the Pushkaram like Sarigangasnanam, Gangapuja, etc.

Elaborate arrangements were made for rituals of both kinds at the Pushkaram.

- The Performer - Purohit who performs the pooja;
- The material required for rituals;
- Space for Pooja - optimum utilisation;
- Cleanliness;

- Role of volunteers and NGOs;

- Regulation.

Purohits (Priests)

- In the past, there were a number of complaints that there was a lot of deceiving going on by purohits who would charge the devotees heavily. At the same time non-purohits claiming to be purohits deceived the public and charged heavily. Keeping the previous experience in mind, the following steps were taken to obviate the above problem in Pushkaram 2003.

- The Department of Endowments identified purohits of all languages in all the seven districts numbering to 13,920 duly involving the Purohits Association of each district so that there would not be any inclusion of non-purohits. All these identified purohits were given identity cards by the Department duly incorporating their photographs.

- The previous experience of charging exorbitant rates were also overcome by having an open discussion with the purohits and their associations and by passing a resolution for reasonable rates to be charged for various poojas by the Purohits Association. These rates were called "recommended rates" so that the purohits do not feel offended that the rates were being imposed on them. These recommended rates were exhibited at each bathing ghat for the convenience of the public, particularly those who were coming from outside the District. This system really worked out well and there were no complaints of exorbitant charges being demanded by the purohits and misbehaviour in spite of the heavy rush.

- Before the commencement of the Pushkaram event, the purohits were also given training classes as to how to conduct themselves with the devotees and how important are their services for conducting of Pushkaram successfully. Thus the Endowments Department could ensure that -

    o there were no shortage of purohits;

    o there were no cases of exorbitant charges; and

    o practically no cases of misbehaviour by purohits.

Material

Normally, in the past, the material required for performing various religious rituals were brought by the devotees themselves. But in most of the cases some essential items were found to be missing at the time of performing the rituals. Therefore, devotees had to send somebody to get the missing material to complete the pooja, while being in the middle of the pooja. This causes delay in performing pooja programmes and there were also problems of space.

In Pushkaram 2003, this situation was completely avoided by the Endowments Department by preparing a **"readymade kit"** containing all the material required for each pooja as prescribed by the rituals committee where all the Purohits Associations also participated. Even minute details like making available loose change (coins), which is offered at the time of performing pooja at every stage, a small quantity of cow ghee, agarbatties, match boxes, etc., were taken care of. All pilgrims could straightaway purchase the kit and go to the pooja and complete the pooja without any hindrance. These kits were also supplied through DWCRA womens' organisations at nominal prices of Rs.12/-,

Rs.7/- and Rs.5/- for different poojas. In fact, people expressed the view that the material was made available at a cheap rate and as a complete pack. This aspect was not only appreciated by the devotees but also enabled the Department to make optimum use of the existing limited space and time for maximum number of people who turned out in double the number than expected.

Cleanliness

The Department ensured, with the help of sanitation staff, absolute cleanliness in the congested areas where pilgrims took bath and also in the places where they had performed various poojas. The waste material was collected on an hourly basis to start with and it was intensified depending upon the situation to clear the garbage. The pilgrims expressed their satisfaction over the cleanliness and the arrangements made with adequate planning and forethought. A large number of sanitation staff was engaged for this purpose by the Government for the 12 days of Godavari Pushkaram.

Regulation

A large number of staff from the Department of Endowments was deployed with clear instructions, job responsibility, line of command with adequate and repeated training as to how to conduct themselves during the Pushkaram event. The staff was provided with mobile phones and they were in constant touch with the officers posted in each ghat. Each Pushkar (bathing) ghat was kept under the control of a Special Grade Deputy Collector who was assisted by various level officers down the chain of command who were standing almost at every step of the bathing ghat and regulating the pilgrims. A strong contingent of expert swimmers was kept along with rescue boats at the edge of the water where the holy dips were taken by the pilgrims. The swimmers were given special dress for identification and easy recognition by the pilgrims. Therefore, even when the crowd was almost double, no untoward incidents occurred and in the entire State, only 9 deaths were reported that too when the pilgrims attempted to take bath at unauthorised ghats.

In order to decongest the crowded pilgrim areas, the Department of Endowments also ran a free bus service to move the pilgrims out of the congested area to the nearest popular temples and also to railway/bus junctions. This has also been very well taken by the pilgrims and there was an overall appreciation of the role played by the Department of Endowments.

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Involvement of Volunteers and NGOs

In a mega event like Godavari Pushkaram, any amount of staff deployed from various Departments will not be able to cope with the demand. Therefore, the Department of Endowments secured the involvement of a good number of voluntary organisations and Non Governmental Organisations like Ramakrishna Mission, Satya Sai Seva Mandali, Kalki Seva Mandali, etc., who have done an excellent job in supplementing the efforts made by Governmental agencies.

With all the above practices, the mega event of Pushkaram-2003 passed off peacefully and resulted in overwhelming praise for the Government and the staff for the excellent arrangements made.

Conclusion

From the above, it can be seen that the State Government and the Department of Endowments in particular, could successfully organise the mega event of Godavari Pushkaram and handle a large human gathering of 6 crores during the 12 days of Pushkaram from 30.7.2003 to 10.8.2003 by the above stated best practices. The essence of the best practices was in recognising and identifying the actual requirement of the pilgrims, assisting them in completing their mission at the earliest time and making available the arrangements to all the pilgrims. This happened by way of adequate publicity through various media like TV, newspapers, pamphlets, public announcements, etc., and a continuous monitoring and taking of corrective steps at every stage after every day's review. The public were also educated as to what their role would be in such a situation, either in maintaining the cleanliness or preventing from taking food from the unauthorised stalls or taking bath only at the authorised bathing ghats. Involving voluntary organisations and NGOs has had an added advantage in the process. Therefore, in any such mega event, if it has to be conducted with limited resources, advance planning of the actual requirement, the process, the regulation and the involvement of the public and voluntary organisations will go a long way in handling such events elsewhere in the country.

22. e-Governance Initiatives in Andhra Pradesh

Introduction

e-Governance initiatives could be classified in to following broad components:

- e-Administration - use of ICTs to modernise the State; creation of data repositories for MIS, computerisation of records;

- e-Services - the emphasis to bring the State closer to the citizens. Examples include provision of online services. e-Administration and e-Services together constitute what is generally termed as e-Government;

- e-Governance - the use of IT to improve the ability of the government to address the needs of society. It includes the publishing of policy and programme related information to transact with citizens. It extends beyond provision of online services and covers the use of IT for strategic planning and reaching development goals of the government;

- e-Democracy - the use of IT to facilitate the ability of all sections of society to participate in the governance of the State. Examples include online disclosure policies and online grievance redress forums.

National Association of Software and Service Companies (NASSCOM) estimates that in the next five years, State Governments in India will spend around Rs.15,000 crores on computerisation of their operations. The pressure to be IT-savvy is not only to keep up with the times, but comes from a more pragmatic decision of increased efficiency in administration and service delivery.

e-Governance in Andhra Pradesh

The State cherishes a desire to provide a Simple, Moral, Accountable, Responsive and Transparent - SMART Government. To achieve this, the State is adopting the PPP (Public-Private Partnership) model. The State Government has laid down an investor friendly policy. As a result, corporate IT giants such as Reliance, Bharti Telecom, Enron and Zee have taken projects for laying optical fibre network along the State highways. The State Government has also tied up with the Indian Space Organisation for creating bandwidth in KU band. This will be used for the distance education learning programmes. The Submarine OFC will provide connectivity from Singapore and further to West Coast of USA. The Andhra Pradesh Government is also promoting the use of wireless technologies.

IT Policy of Andhra Pradesh focuses on three major aspects:

(i) Economic development

- Export - targeting software export worth Rs.2,700 crores

- Employment - to provide employment opportunities to 60000 people annually

- Investment in IT sector

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(ii) Quality of Life

- To use IT in education

- To use IT for healthcare

- To use IT for rural development

(iii) Good Governance

- High internal efficiencies

- Anytime, anywhere citizen services

Andhra Pradesh is using Information and Communication Technology (ICT) for SMART Governance. ICT is being used for high quality citizen services, high internal efficiencies, better enforcement of law, HRD, poverty alleviation, etc. The State has adopted a three layer strategy for implementation of IT projects in the State.

These are:

(a) Technology Framework - Information and Communication Technology (ICT) architecture.

(b) Resource Framework - IT projects require huge investments. Andhra Pradesh is following the Public-Private Partnership (PPP) model to enable resource mobilisation. Models such as BOO (Build, Own and Operate) and BOOT (Build, Own, Operate and Transfer) are being adopted.

(c) Implementation Framework - For successful implementation of IT related projects, the State is following a model called 6C model. In this model, emphasis is made on Contents, Competencies, Connectivity, Cyber Laws, Citizen Interface and Capital. For implementing local languages, AP Government has made a provision of Rs.10.00 lakhs for C-DAC to develop local language interface in a time span of two years.

Infrastructure

To facilitate implementation of the SMART Government concept, some innovative infrastructure building initiatives have been undertaken:

AP State Wide Area Network (APSWAN): APSWAN is an e-Governance network project that has been undertaken wherein all district headquarters are connected through this network. This WAN is a backbone for data, voice and video communication among the various government offices. In due course of time, the Government intends to extend this to the Mandal level. To establish this network, the Government set up a joint venture with United Telecoms Limited under the BOO scheme. All expenditures were met by UTL. This network became operational on 1st November, 1999 with 2 MBPS fibre optic links connecting the State Secretariat with 25 Centres including all the District Headquarters towns. APSWAN is functioning with an initial capacity of 2 Mbps that is scalable to more than 600 Mbps. Apart from linking Government offices, the network is also offering connectivity to major educational and health institutions across the state. In subsequent phases APSWAN would be extended to all the Mandal headquarters and other towns and eventually to all the villages either with dedicated lines or Wireless or Dial-Up facilities.

APSWAN acts as the basic information highway for the following IT related applications of the Government:

- Improving the Government-Citizen and Government-Industry interface along with efficient intra-government information flow;

- Providing reliable and dedicated telephone facility to State Government departments;

- Data sharing and interchange among different wings of the Government resulting in effective, efficient and transparent administration;

- Providing e-Mail and Internet facility to all the departments and offices of the Government;

- Providing high quality video connectivity that helps in these applications paving the way for convenient "ANYTIME ANYWHERE SERVICES" for the citizens.

e-Governance Projects

eSeva - Launched on the 25th of August, 2001, electronic Seva (eSeva) is the improved version of the TWINS Project launched in 1999, in the twin cities of Hyderabad and Secunderabad. There are currently 32 eSeva centres spread across the twin cities of Hyderabad and Secunderabad, operating from 8.00 am to 8.00 pm everyday and between 9.30 am to 3.30 pm on holidays. Citizens can pay utility bills, avail of trade licenses and transact on government matters at these facilities. The Government has rolled out the project to other parts of the State, including rural areas, as in the case of the West Godavari district. Customised services like issuance of certificates and land records, online mandi (market) rates, tele-agriculture, common accounts of Self-Help Groups are being offered through eSeva.

Secretariat Knowledge and Information Management System (SKIMS): This project is designed to develop a generic product that efficiently manages the information and knowledge of a large organisation like the Secretariat. The Secretariat, being the seat of the Government, is a repository of information and knowledge. Public interest lies in efficiently managing these valuable resources. Information Technology holds the key to this delicate management exercise. The Government intends to implement the SKIMS project in a phased manner over 18 months to achieve multiple goals. A provision of Rs.4.5 crores has been made for development, implementation, training and maintenance for two years after successful implementation.

Goals of SKIMS

- Increase employee productivity

- Create a knowledge bank

- Exploit the power of computer networks

- Automate the workflow in the Secretariat

- Prioritise areas of work, and provide effective tools for performance evaluation

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Scope of SKIMS

- Design, development and implementation of Central Information System (CIS) and Departmental Information Systems (DIS)

- Business Process Re-engineering

- Design and development of implementation standards

- Information security

- Training of staff

Fully Automated Services of Transport Department (FAST): Fully Automated Services of Transport Department (FAST) is a computerisation project of the Transport Department. Earlier, the computerisation in the department was started in 1989 in eleven offices, on stand-alone mode with Unify Data Base under Unix OS. The transactions were confined to issue of driving licenses and registration of personal (Non Transport) vehicles. The database of the Transport Department consists of registers containing particulars of driving licenses and motor vehicles. They need to be updated whenever any transaction takes place. The registers were maintained in a manual form with related problems of storage, retrieval, validation and indexing.

With computerisation, details of any document could be accessed through the click of a button. The documents are secure, tamper-proof, and validation is instantaneous. The present project is being implemented with Oracle-8 RDBMS under Windows NT OS. Unique security features like digital photograph, signature, ghost imaging and fingerprinting make documentation tamper-proof. As a pilot project, this project was implemented in Secunderabad, Vijayawada and Chittoor. It is being replicated in 37 other offices of the State. The total cost of the project is approximately Rs.20 crores. Networking for the project is provided by DOT and APSWAN. This will facilitate citizens to apply for any transaction at any counter, in any RTA office in the State.

In all, 36 services are delivered to citizens. Prominent among them are: issue of driving licenses and registration certificates of personalised vehicles like two-wheelers and cars in an elegant and durable PVC card with a unique hologram and numbering system. Citizens are provided with facilities like online helpdesk (touch screen facility), comfortable waiting halls, public conveniences, electronic queuing system and centralised cash payment system, among others.

The software implemented also takes care of backend requirements like MIS reports, payrolls, employee profile, budget monitoring, revenue reconciliation, etc. M/s Tata Infotech Ltd, a leading software development company, is the service provider on facility management basis. The Department aims at delivery of services by implementing the citizen's charter in letter and sprit. The ambience is of international standards. Apart from serving the citizens, the Department aims at increasing the revenue of the Government through improved monitoring. In brief, FAST is synonymous with SMART administration. Today, the Department interacts with owners/drivers of vehicles. It is the common people who the FAST project aims at with a sense of service, thereby proving once again that computerisation is meant to serve the common man in the society. The response of the general public towards the FAST project has been tremendous.

Computer-Aided Administration of Registration Department (CARD): CARD is the acronym given to the comprehensive project of computerisation of one of the oldest wings of the Government - the Registration and Stamps Department. The project was originally conceived in August 1996 and implemented at two test sites in August/September 1997. Judging the project by its initial success and the immense potential it has in transforming the concept of public service, the Government decided to replicate it all over the State. Thus began an intensive and dedicated effort which is now the watchword of the Department.

Benefits of the CARD System:

- Provides a transparent method of valuation of properties and calculation of stamp duties;

- Simplifies registration procedures;

- Enhances speed, reliability and consistency of the system;

- Cuts delays by replacing the manual systems of copying, indexing and accounting;

- Introduces state-of the-art document management system;

- Scanning of documents replaces manual copying;

- Images of documents are preserved on CDs in quadruplicate;

- Retrieval of the documents and obtaining copies is instantaneous;

- The overall effect is a smooth public interface.

Salient features:

- Implemented at 212 sub-registrar offices-operational from 4-11-98;

- 39 Category A offices - with more than 5000 documents registered per annum;

- 95 Category B offices - with 2500 to 5000 documents registered per annum;

- 78 Category C offices - with 1500 to 2500 documents registered per annum;

- Project Management techniques employed to meet demanding deadlines;

- A highly complex but user-friendly CARD Software developed by National Informatics Centre, Hyderabad;

- Hardware has been procured by AP technology Services Ltd, Hyderabad;

- Provides across-the-counter services.

The Road Ahead

Andhra Pradesh has moved faster and further on the road to e-Governance than any other state in India. Recognising the need for technology-enabled service delivery as a part of its e-Government strategy, the State government has initiated an innovative broad based, enterprise-wide approach to service delivery.

The future strategy aims at the following benefits of e-Government programme:

Benefits to Citizens and Business:

- Streamlined, standardised electronic information gathering and access;

- Electronic delivery of services to meet citizen's expectations and requirements;

- Convenient, anytime, anywhere citizen services;

- Support for e-commerce initiatives (e.g., online filing, payments, etc.);

- Significant improvement in Government to Citizen (G2C) and Government to Business (G2B) interfaces.

Benefits to Government:

- Increased employee productivity;

- Facilitation of information re-use across and within the departments of the Government;

- Reduced system maintenance and training requirements by adopting standard systems and processes;

- Cost-effectiveness in the operation of Government agencies;

- Improvement in Government-to-Government (G2G) interfaces.

23. eSeva: A Best Practice in Andhra Pradesh

Situation before the Initiative

The Government of Andhra Pradesh was the first to recognise the potential of the Internet and IT Enabled Services to improve government services. The State's desire to translate this potential into reality enabled the state to face challenges, which included changing technologies, the need for huge resources and designing suitable frameworks. The eSeva concept could be novel even in the context of a developed country because integration of federal, provincial and local services and their delivery through a single counter has not been attempted anywhere. This is achieved through public private partnership, marrying the strengths of public and private domains. eSeva has delivered citizens from a situation in which they had to spend considerable amounts of time to accomplish such mundane tasks as paying utility bills, getting a driving license, etc. It provides citizens, for the first time, with a clean, transparent, efficient, effective and hassle-free administrative system and a one-stop-shop for a range of citizen-friendly services, thereby saving their time, energy and money. Because of the online and real time transactions, the administrative departments were forced to computerise their systems and quite often re-engineer processes to improve their efficiency and effectiveness and become more demand-driven and customer-centric. The uniqueness of eSeva has also been acknowledged by the World Bank and it has cited eSeva as one of the best e-Governance practices in the "Government World".

eSeva (electronic Seva or electronic Service) launched on the 25th August 2001, is the improved version of the TWINS project launched in 1999, in the twin cities of Hyderabad and Secunderabad. There are currently 32 eSeva centres spread across the twin cities of Secunderabad and Hyderabad, operating from 8.00 am to 8.00 pm everyday and between 9.30 am and 3.30 pm on holidays. Citizens can pay utility bills, avail of trade licenses and transact on government matters at these facilities. There has been a thumping collection of close to Rs.2000 crores (February 2003) from a meager collection of Rs.43 lakhs in August 2001. The government has rolled out the project to other parts of the State, including rural areas like the West Godavari district.

Description of the Initiative

The prime force behind these initiatives is the visionary Chief Minister of Andhra Pradesh, Sri N. Chandra Babu Naidu, who has been championing the cause and publicly endorsing the idea of e-Government. "Selling" the concept was not an easy proposition considering the fact that many politicians and bureaucrats did not initially share his vision. Moreover, there was neither any demand nor any public pressure for e-Governance from any quarter. Unmindful of the risks involved and the unfavourable environment prevailing in the State, he pushed through the initiatives and it was his sheer conviction in the power of IT to achieve the targets set out in Vision 2020, a road map for the development of the State that led to e-Governance in Andhra Pradesh. The concept of **SMART** (an acronym for **S**imple, **M**oral, **A**ccountable, **R**esponsive and **T**ransparent) Government is a logical outcome of the e-Governance project, which in turn led to the concept of eSeva.

An integrated approach

- Integration of departments - central and state governments
- Integration of services
- Integration of G2C and B2C
- Efficiency, Reliability, Transparency and Scalability are the watchwords

The Vision

The Government of Andhra Pradesh has a clear vision to create a knowledge society by using Information Technology in all aspects of development and governance. Pioneering efforts are being made to reach the benefits of IT to the citizens - urban and rural, rich and poor, literate and illiterate. The Government is conscious of the dangers of the 'digital divide', and is making special provisions for reaching IT and its benefits to the 'information have-nots'.

Salient features of eSeva

- 35 eSeva centres (with 280 service counters) spread over the Twin Cities and Ranga Reddy District;
- All service counters are facilitated with an electronic queuing system;
- Operating from 8.00 am to 8.00 pm on all working days and 9.00am to 3.00pm on holidays (second Saturdays and Sundays);
- 'One-stop-shop' for over 30 G2C and B2C services;
- No jurisdiction limits - any citizen in the twin cities can avail of the services at any of the 35 eSeva service centres;

- Online services: eForms, eFiling, ePayments;
- Payments by cash/cheque/DD/credit card/Internet.

Objectives of eSeva are to:

- Provide a single counter service delivery for the services of Union Government, State Government, Local Self Government and private businesses;
- Provide a single, long running dialogue across all business functions and customer access points for service delivery at one point;
- Increase operational efficiency;
- Provide cost effective services;
- Enhance accessibility of information to citizens;
- Provide a pleasant customer user experience across all contact points;
- Improve service quality and innovation;
- Ultimately, the government hopes to completely eliminate face-to-face interaction with its citizen, to the extent possible by increasing the value of customer self-service and the two-way flow of information so that people will come to enjoy interacting with government.

Wide spectrum of citizen-friendly services

eSeva offers a wide spectrum of citizen-friendly services that will save citizens the bother of running around various departments.

- Payments of utilities bills
- Electricity bills
- Water and sewerage bills
- Telephone bills (BSNL and TATA Tele Services)
- Property Tax
- Sales Tax

Certificates

- Registration of births/deaths
- Issue of birth/death certificates
- Registration Department : Issue of encumbrance certificates *
- Issue of Caste/Nativity Certificates *

Permits/Licences

- Medical and Health Department: Renewal of Drug Licences *
- Issue/renewal of trade licences

Transport Department Services

- Change of address of a vehicle owner
- Transfer of ownership of a vehicle

- Issue of learners' licences
- Issue/renewal of driving licences (non-transport vehicles)
- Registration of new vehicles

Information

- Transport Department Procedures *
- Registration Department: Market value assistance *

Reservation

- Reservation of APSRTC bus tickets
- HMWSSB: Reservation of water tanker
- Tourism: Reservation of tickets/accommodation *

Other Services at eSeva Centres

- Sale of passport application forms
- Receipt of passport applications
- Receipt of applications for new telephone connections.*
- Registration Department: Sale of non-judicial stamps
- Registration Department: Document writing service *
- Collection of small savings *

Internet Services

- Internet-enabled electronic payments
- Downloading of forms and Government Orders (GOs)
- Filing of applications on the web
- Receipt of complaints or requests in connection with citizen services *

B2C Services

- ATM: Cash withdrawals and deposits *
- ATM: Issue of statements of account *
- Mutual Funds: Collection of applications *
- Mutual Funds: Transfer of shares *
- Cell phone bill payments *

 * Yet to be started

Lessons Learnt

eSeva is a unique experiment, which is essentially demand driven and genuinely customer-centric and which has benefits both for the government and the citizens. From the Government's standpoint, the benefits include providing easier customer access, increasing service volume, getting better information on operations, reducing employee complaints, reducing employee time spent on non-

customer activities and improving the Government's image. eSeva hopes to ultimately eliminate face-to-face interaction between the government and the citizen, to the extent possible, by increasing the value of citizen self-service and the two-way flow of information, so that citizens will come to enjoy interacting with the Government.

From the citizen's perspective, eSeva offers a one-stop-shop for a range of citizen services serving more than 30,000 citizens per day with no jurisdiction limits whatsoever. The citizens can conduct their transactions from any of the 35 eSeva centres in the twin cities of Hyderabad and Secunderabad irrespective of the location of their residence. Transparency in service provision has been the major benefit wherein the citizens are spared the hassles usually associated in dealing with multiple administrative departments each with its own plethora of rules and regulations. For instance, small traders had to deal with a large number of government agencies to obtain a trade license which is now dispensed by a single window eSeva service, thereby saving a lot of their time, effort and money.

For the community at large, eSeva serves as an excellent and a shining example of e-Governance in action - a robust system that has been tested in the field for about two years and is worth emulating by other States and Governments across the globe as well. In all, eSeva has served the interests of all the stakeholders exceedingly well. The potential benefits of eSeva go far beyond. In a recent survey, the citizens rated the services very high despite the fact that only a few services have been availed of by them. There were many other services which they were not aware of nor used. This shows the enormous latent benefits, which would ultimately lead to customer satisfaction and citizen 'delight'.

Andhra Pradesh Vision 2020 envisages that the state will leverage information technology to attain a position of leadership and excellence in the information age and transform itself into a knowledge society. IT will be used not merely to automate government processes but also as a strategic tool to simplify complicated procedures and to eliminate corruption. The state is emerging as a model of e-governance. The Computer Society of India has recognised AP as the best state in e-Governance in the country. eSeva is one of the most successful initiatives in this regard.

Results achieved

The experience of interacting with the Government is always seen as a frustrating chore in India. eSeva is revolutionising the way the government does business and is assisting in increasing customer expectations for service. The citizens are now empowered by the ready access to information and have greater access and entry to government services than ever before. Available evidence proves that Governments who better serve their users leveraging IT - whether citizens, employees, or other businesses - will continue to lead the way. Results of studies worldwide show that the bottom line benefits of a customer-first approach are compelling. Citizen-centric governments achieve much greater success in a number of critical performance areas, both within the government and in serving the public. Overall, the customer-centric governments achieve nearly 50% more success in providing easier customer access, increasing service volume, getting better information on operations, reducing employee complaints, reducing employee time spent on non-customer activities and improving the government's image. The eSeva concept is a case in point, which has considerably reduced the stress of dealing with the government by increasing the value of citizen self-service and the two-way flow of information. In the process, citizens are now able to enjoy interacting with the Government.

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eSeva (www.esevaonline.com) is a major G2C initiative in Andhra Pradesh built on public private partnership model. It provides citizens with a clean, transparent, efficient, effective and hassle-free administrative system through state-of-art electronic technology. It is a one-stop-shop for a range of citizen-friendly services.

1) eSeva connects with all departments online. This enables a transaction at eSeva to be simultaneously updated in the servers of participating departments. This practice has resulted in cost and time savings as there is no need for an-end-of-the-day batch updation by a different set of operators. This also ensures that there is no mistake in the details of bill entered at different points of entry.

2) Operators at eSeva accept payments only against the demand thrown up by the departmental servers. They have no power to increase or decrease it. A citizen therefore clearly knows what his liability is, resulting in transparency of transactions.

3) Because of the connectivity, limitations of territorial jurisdiction have been abolished. A citizen can pay in any eSeva center that is convenient to him rendering the twin cities of Hyderabad and Secunderabad as a single unit. Once the rollout to districts is complete, the entire state of Andhra Pradesh will be one unit.

4) All the operators in eSeva counters were imparted soft skills in Customer Relations Management (CRM). An ASCI study found that 98% of the customers stated that the operators at eSeva were friendly and courteous.

Sustainability

Converting the citizen-centric philosophy into better service is a daunting task for any Government, compounded by the constant struggle to create and maintain the right balance of advanced technology, streamlined management structures and an empowered workforce. But the rewards for careful planning, effective execution and commitment to a citizen-centric vision throughout the entire administrative structure of the Government are worth the investment. eSeva is an excellent example of e-Governance in action. The collection of taxes from the citizens of a huge metropolis is not a practical proposition and that too without constant reminders and threats of withdrawal of service without a novel scheme like eSeva. The enormity of its success can be gauged from the replication of such benefits across 50 user departments. This is only one part of the success story. The real success of this project, however, is the tremendous goodwill it has garnered from the grateful citizens within a short span of one year, which is evident from the fact that the project is presently on a massive expansion. The rollout plan includes covering all the 117 municipalities in the immediate future. In effect, eSeva has become truly a demand driven and citizen centric e-Governance model, the success of which has been acknowledged and cited as a best practice by agencies, corporates and leaders worldwide.

Transferability

Started initially in 26 centres in Hyderabad and extended to 2 banks, eSeva offers 42 services with nearly 8 lakh transactions per month. It will be extended to 117 municipalities through 229 centres in the next 6 months. Further plans for expansion into rural areas are underway.

24. eProcurement in Andhra Pradesh

Introduction

The Government of Andhra Pradesh has been a pioneer in implementing various e-Government initiatives to provide better, more efficient, transparent and responsive services to the citizens and promote greater efficiency within the government. The vision of the Government is to provide good governance by establishing a Simple, Moral, Accountable, Responsive and Transparent Government - SMART Government. eProcurement, an important e-Governance initiative is a one of the vehicles that can be gainfully used in reaching the goal of SMART governance.

Situation before the Practice

The Vision 2020 document envisages that infrastructure will play a critical role in achieving the vision for Andhra Pradesh. The Government of Andhra Pradesh has been taking up developmental works on a large scale for creation of infrastructure for public convenience and to attract investments. The development of the infrastructure sector can create a major economic impact and it is expected that Andhra Pradesh needs to invest about Rs.16,00,000 crores in infrastructure development till 2020, and over Rs.4,00,000 crores till 2010. A significant proportion of this investment will be in construction.

The present system of invitation of tenders which involves manual procurement is plagued with many deficiencies and it is leading to litigations, allegations, delays in execution of works, impaired quality in execution of works and ultimately to loss of people's faith in the whole process.

The Andhra Pradesh Public Works Department Code and Andhra Pradesh Standard Specifications clearly specify the procedures to be adopted in procurement of works. The works are procured by tender system duly giving wide publicity in the newspapers and the contractors are selected based on their fulfillment of qualification criteria and their financial bids. The list of events in the manual system of procurement is given below:

- Publication of bid notice in the newspapers.

- Issue of bid documents to the contractors on a written request and on payment of cost of bid documents.

- Receipt of bids in sealed covers (three cover system).

- Technical bid opening on specified date in the presence of contractors or their agents.

- Evaluation of technical bid based on the qualification criteria and assessed bid capacity of contractor.

- Physical verification of the experience certificates submitted by the contractor.

- Opening of the price bids of technically qualified contractors and evaluation.

- Submission of evaluation report by the Superintending Engineer with his recommendations to the Chief Engineer.

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- Scrutiny of evaluation by the Chief Engineer.

- Chief Engineer recommends the tenders to Commissioner of Tenders.

- Scrutiny of tenders by the Commissioner of Tenders.

- Finalisation of tenders by the Commissioner of Tenders and returns to the Chief Engineer.

- Chief Engineer returns the finalised tenders to the Superintending Engineer.

- Superintending Engineer notifies the award to successful bidder.

- Earnest money deposits of unsuccessful bidders are returned.

- Contractor submits bank guarantees and agreement is concluded

Description of the Initiative

Reforms in the tendering process have been a subject of intense debate, and evolving a process to bring in greater transparency and check malpractices associated with the tendering process in Government-tendered projects has been one of the most important priorities of the Government. The Government had to contend with problems of formation of contractor syndicates and leakage of tender quotes. Projects worth thousands of crores of rupees are tendered annually and if the Government is able to save even a fraction of this through a better system of tendering it will bring in huge savings to the exchequer.

The Government of Andhra Pradesh constituted a Cabinet Sub-Committee to study the present system and the administrative mechanism, and chart out a route map for an innovative broad-based mechanism for electronic delivery of services. Based on the recommendation of the sub-committee, the Government had decided to adopt the system of eProcurement.

eProcurement is a technology enabled service that automates the procurement and purchase procedures of the State Government starting from demand aggregation to procurement and order fulfillment. Under this initiative, all civil and engineering projects, to be routed through the tender-based system, are to be gradually undertaken through this electronic tendering process whereby contractors can apply online, secure information online and also submit their tenders. This novel approach is designed to curtail project costs, bring in greater transparency and also check malpractices associated with the tendering process in the Government-tendered projects. In the manual process of procurement, there are considerable time delays during flow of data between offices. Delays also take place during the technical evaluation of the bids as the veracity of experience certificates produced by the contractor needs to be checked.

On an average, the procurement process of major works consumes five to six months. It would be very beneficial to the Public Works Department, Contactors and the public, if the time taken to finalise the procurement of works is reduced to around six weeks. This could be made possible with information technology, as the tender invitation, receipt of tenders, evaluation of tenders and communication of approvals is made through electronic means.

The Government launched the online Tender processing portal named e-procurement.gov.in in the State for all kinds of government purchases, valued at Rs.1.0 crore and above. The entire eProcurement

platform, right from the preparation of tender documents to placing work/purchase orders will now be generated electronically.

Government entered into an agreement with M/s. Commerce One India Ltd to develop, operate and maintain 'e'-marketplace as a pilot project initially, covering the following four departments:

1. Andhra Pradesh Technology Services

2. AP State Road Transport Corporation

3. AP Health and Medical Housing and Infrastructure Development Corporation

4. Commissionerate of Tenders (Irrigation, R&B Department)

The project is developed under a joint venture between the Government of Andhra Pradesh and Commerce One India Ltd in the ratio of 51:49. As a pilot project, eProcurement was adopted in Irrigation, R&B Departments in respect of works coming under the purview of the Chief Engineers/ Engineer-in-Chief/ Commissionerate of Tenders, costing Rs.1.00 crore and above taken up with State Government funds (including NABARD, AIBP) and National Highway (NH) works costing Rs.1.00 crore and above. The facility was intended to be extended to all the Government departments in course of time.

The participating departments were made to make necessary amendments/changes in the existing procedure necessary for switching over from the conventional/existing procurement processes to equivalent eProcurement process. The necessary hardware was procured for implementing the system and training was conducted to the staff involved in the eProcurement process.

The implementation of eProcurement process can be broadly divided into three modules:

1. Hosting Notice Inviting Tenders (NIT)

2. Contractors' bidding

3. Bid Evaluation and awarding.

The flow diagram of the procurement process duly showing the interaction between the system and various entities is as shown below.

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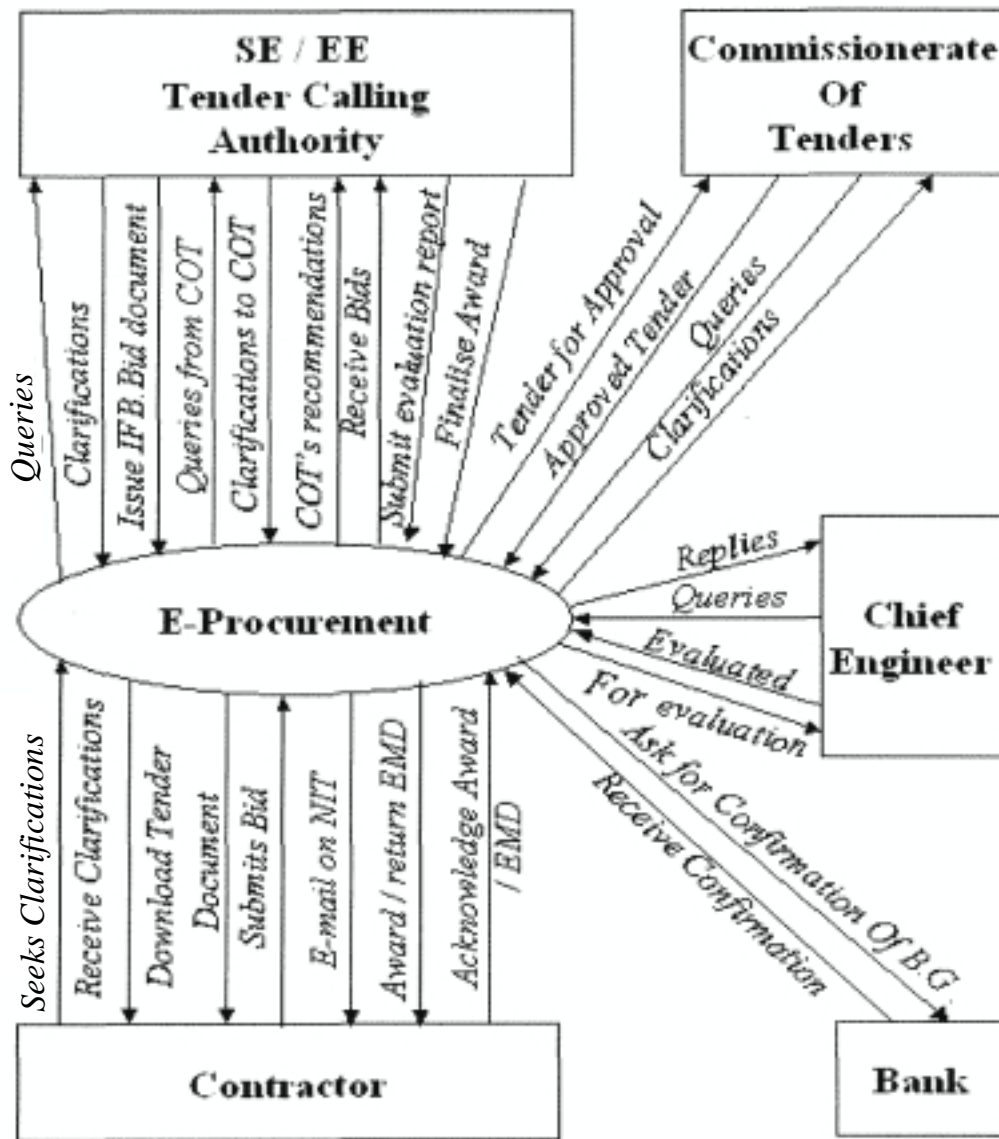
The procedure being followed in the eProcurement process is as follows:

1. The Notice Inviting Tenders (NIT) and tender documents will be in the standard formats as applicable to conventional tenders and will be finalised/approved by the officers competent as in the case of conventional tenders.

2. The officers competent to publish NIT in case of conventional tenders will host the NIT in the 'e' market place @ www.eprocurement.gov.in. Simultaneously, a notification will also be published in the newspapers and "Tenderla Samachara Patrika" as per existing rules in a simplified format to effect economy.

3. Time allowed from the date of hosting of NIT at 'e' market place to the last date of receipt of tenders at 'e' market place is 14 days, as in conventional tenders.

4. The eProcurement market place provides an online self service registration facility to suppliers who are already registered with respective participating departments for supply of specified goods and services.

5. The collection of cost of tender documents is dispensed with, as there is no physical supply of tender documents and also to have absolute anonymity of the bidders participating in eProcurement. The bidders can view/download the tender documents, from the 'e' market place.

6. The bidders who are desirous of participating in eProcurement shall submit their technical bids, price bids, etc., in the standard formats prescribed in the tender documents, displayed at 'e' market place. The bidders should upload the scanned copies of all the relevant certificates, documents, etc., in the 'e' market place in support of their technical bids. The bidder shall sign on all the statements, documents, and certificates uploaded by him, owning responsibility for their correctness/authenticity.

    After uploading the technical/price bid, the attested copies of the uploaded statements, certificates, documents, (except the price bid/offer) are to be submitted by the bidder to the concerned Superintending Engineer, so as to reach before the date of opening of the price bid. Failure to furnish any of the uploaded documents and certificates before the price bid opening date will entail rejection of the bid and forfeiture of Earnest Money Deposit (EMD). Similarly, if any of the certificates, documents, etc., furnished by the bidder is found to be false/ fabricated/bogus, the bidder will be blacklisted and the EMD forfeited.

7. The EMD payable along with the bid is 1% of the estimated contract value and the balance EMD payable at the time of concluding agreement is 11/2% of contract value. The Demand Draft (DD)/Bank Guarantee (BG) shall be from a Nationalised Bank valid for a period of 6 months. A photocopy of the DD/BG is to be scanned and uploaded along with the bid, and the original DD/ BG shall be sent to the concerned SE so as to reach before the date of opening of the price bid. Failure to furnish the original DD/BG before price bid opening date will entail rejection of bid and blacklisting.

8. The technical bids will be opened online by the concerned Superintending Engineer at the time and date as specified in the tender documents. All the statements, documents, certificates, DD/ BG, etc., uploaded by the tenderers will be verified and downloaded for technical evaluation. The clarifications and particulars, if any, required from the bidders, will be obtained either online or in the conventional method by addressing the bidders. The technical bids will be evaluated against the specified parameters/criteria, which is the same as in the case of conventional tenders and the technically qualified bidders will be identified. The result of technical bid evaluation will be displayed on the 'e' market place, which can be seen by all the bidders who participated in the tenders.

    Similarly, at the specified date and time, the price bids of all the technically qualified bidders will be opened online by the concerned Superintending Engineer and the result will be displayed

on the 'e' market place which can be seen by all the bidders who participated in the tenders. Till the technical bids are opened, the identity of the bidders who participated in the tenders is to be kept confidential. Similarly, till the price bids are opened, the bid-offers are to be kept confidential.

9. The Superintending Engineer will evaluate and process the tenders and submit them to the concerned Chief Engineer/Engineer-in-Chief (ENC) (Irrigation) as done in the case of the conventional tenders. The Chief Engineer/ENC (Irrigation) after his evaluation will finalise tenders upto Rs.200 lakhs and submit it to the Commissionerate of Tenders (COT) in case the value of tenders is more than Rs.200 lakhs. The COT will examine the bids and decide the successful bidder and communicate its decision to the Chief Engineer/ENC (Irrigation). The Chief Engineer/ENC (Irrigation) in turn communicates the Commissionerate of tender's decision to the Superintending Engineer. All this will be online.

Results Achieved

The invitation of tenders through the system of eProcurement has been implemented in all the departments involved in the Pilot Project and the results have been very encouraging. In the Irrigation and Command Area Development Department (I&CAD) alone, a total number of 109 transactions valued at Rs.482 crores have already been hosted. The tender relating to the Godavari lift Irrigation Scheme valued at Rs.800 crores is also hosted on the 'e' market place indicating the confidence in the system.

Encouraged by the success of the eProcurement initiative, the Government has further extended the scope of the system to include works costing Rs.10.00 lakhs and above.

A 'Database of Contractors' is being developed which will automatically facilitate validation of the data on the contractors for evaluation of the technical bids without physical verification of the experience certificates. This will enable simplification and further reduction in time of evaluation of tenders and entrustment of works.

Transferability

The process of eProcurement can be adapted by all organisations involved in the procurement of goods and services. eProcurement can be utilised by all Government departments including local bodies, municipal corporations, cooperative sectors, public sector and by other state Governments. This system will ensure efficient procurement, transparency, timely completion of projects, and above all, it will ensure that public funds are utilised in the best possible manner. eProcurement will be utilised by all GoAP departments including, local bodies and municipal corporations along with their vendors. Cooperative sectors, public sectors and other state governments can also use this solution.

25. Performance Indicators - A 'Best Practice' Initiative by Andhra Pradesh Police

The Government of Andhra Pradesh embarked on a journey of achieving excellence in Governance through its Vision 2020 plan, in the year 1999. As the government started putting in place processes for realising its dream of making the State a place where "Everyone will benefit from systems and a Government that is truly 'for the people', which enables individuals and businesses to achieve their full potential, and is transparent and efficient in its functioning....", it soon became apparent that monitoring performance and evaluating achievements in real time was going to be very important. The government then decided to use Performance Indicators as a tool to drive the State towards achieving its Vision 2020 goals.

Policing in India has long been looked upon as a regulatory function: apprehending criminals, maintaining law and order, and viewing everyone as a suspect. But as Indian democracy has grown and flourished, governance has taken centre stage and along with it, police functions have grown and changed. The police today play a vital role in the Government's vision of good governance: after all, there cannot be any real development unless the people feel safe and secure; investors will think thrice before putting their money where safety of life and limb and an assurance of justice do not exist. The police have therefore been forced to realise that they cannot keep themselves aloof from Governance and have to play a proactive rather than a reactive role. Thus, along with the development Departments, the police have also to take on the role of a facilitator and enabler. The days of the "danda" (stick; truncheon) are past. The new mantra is community participation, transparency, responsiveness, consensus, efficiency, effectiveness, and accountability. The Andhra Pradesh Police, with the Government's thrust on Good Governance as its driving force and Vision 2020 as its Bible, has risen to the occasion to bring in the required internal change to suit these new-felt needs.

In bringing about this change, an important parameter was to put in place a suitable performance monitoring system which would make real-time monitoring possible. The Department therefore undertook the exercise of arriving at Performance Indicators.

Performance monitoring is not new to the Police. The Department has all along used the medium of Reports and Returns to monitor the functioning of the various divisions of the Department. However, the stress was on looking at traditional policing activities like occurrence and detection of criminal cases and conviction rates. The Reports were also of a routine nature; no targets were fixed and monitoring levels were restricted.

Performance Indicators as a method of measuring accountability, efficiency and effectiveness of an individual functionary, and the Department as a whole was introduced in the AP Police in April 2002. A lot of thought and collective effort went into the detailing of the indicators. Though the system has been introduced in all divisions of the Police Department, what are documented here are the Indicators relating to the Commissionerates and Districts, i.e., law and order and crime, which have a direct impact on the community and peoples' welfare.

The first step was trying to understand the changes in the internal and external environment and the resultant new felt needs of the community being served. The Police Department, led from the top,

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undertook an exercise of introspection, involving all levels and covering every part of the Department. This was done by:

- Organising retreats at the State headquarters, District headquarters and Sub-divisions: A bottom-up approach was followed. Retreats were organised at the police station level all over the State; Issues generated in these interactions were discussed at the Circle and Sub-division level, and formalised at the District level. There were retreats where all levels of police officials, from Sub Inspectors to Superintendents of Police, participated. At the State Headquarters, all officers from the level of Additional SP to DG discussed these and other issues and crystallised an action plan.

- Talking to Non Governmental Organisations and prominent citizens: The issues identified by the Department were debated in wider forums by organising Seminars and Workshops which included NGOs and prominent Citizens.

- Conducting Seminars and Workshops: Seminars, workshops and training programmes were conducted for the police department officers and staff to involve them in the decisions taken and the action plans drawn up after these consultations.

- Studying the systems prevailing in other states and other countries: Systems prevailing in countries like the UK, Australia and USA were studied, as also innovations made within the country.

From this exercise, conducted over a period of three months, the Police Department arrived at a list of priorities in their work. Though each of the multifarious activities of the Police are essential in their own way - such as bandobast during festivals, Law and Order duties, VIP related duties, etc., the Department identified those core functions which were important either from the community safety point of view or that would make a noticeable impact on the efficiency, visibility, accountability or image of the Department. This list was again internally validated by discussions with all levels of functionaries. The final list of priorities, or Key Result Areas, was as follows:

- Crime work
- Law and Order work
- Control of crime by factions in society
- Control of extremism
- Prevention and control of atrocities against women
- Prevention and control of atrocities against SCs/STs
- Road accidents
- Community policing - Maithri
- Training
- Disposal of petitions
- Human Rights violations by the police
- Redressal of complaints received against police personnel
- Tours and inspections
- Best Practices adopted to improve policing

The entire effort was to develop indicators to monitor policing activity, which would help focus on:

- Core policing functions, such as detection, investigation and conviction of criminal cases; ensuring and enforcing road safety;

- Community safety and security: this includes action to prevent crime, tackling faction crime and extremist activity;

- Safety and security of disadvantaged groups: preventing atrocities against women, and also against people belonging to the scheduled castes and scheduled tribes, who have been discriminated against;

- Encourage innovation and creativity among the officers for obtaining better results, better utilisation of resources and new initiatives;

- Promote community participation through the establishment of Maithri committees and encouraging their activities;

- Make police functionaries more responsive/sensitive to people's needs and fears through training and better communication;

- Transparency in functioning through the use of computers and online facilities.

The next question to be addressed was how to implement and how to ensure implementation. The Department set about developing Performance Indicators to measure the effectiveness, efficiency, and quantifiable results achieved by different functionaries in the 'Key Result Areas' indicated above.

Indicators were developed for the following field functionaries:

- Commissioners and Superintendents of Police (Head of the unit)

- Deputy Commissioners of Police

- SDPO/DSP

- Inspectors of Police

- Sub Inspectors of Police

For each of the key functionaries, performance and process indicators were identified which would focus on the key result areas. For Sub Inspectors, 17 functional and 4 process indicators; for Inspectors, 16 functional and 6 process indicators; for DSPs, 12 functional and 7 process indicators; for SP/ Commissioners of Police, 5 performance and 7 process indicators; and for DCPs, 4 functional and 7 process indicators were identified. In all 54 functional and 31 process indicators were identified for a total of 1462 Sub Inspectors, 397 Inspectors, 130 DSPs, 6 DCPs and 26 SPs/ CoPs in the State.

The indicators developed for each level, the grading system and the rationale behind the weightage that are given depending on the importance or difficult nature of the indicators are given at the end of this article.

These results are collated to arrive at State Level Indicators, which help the Chief Minister, the Home Minister and Staff Officers at the headquarters to assess the effectiveness of field officers.

The entire system of Performance Indicators, i.e., collection of information, analysis and assessment has been computerised. Information is collected for each month by the sixth of the following month through a computerised package, developed in-house by the Intelligence Department, called the "Intelligence Messenger" which also contains an analytical tool, the "Report Generator", for analysing data. The data and the analysis are available online to all to Heads of Districts and Commissionerates, and also to all policy makers at the Headquarters. Superintendents and Commissioners of Police in turn transmit the data and analysis to the officers working under them. At all levels therefore, individual functionaries get feedback on their performance and can also compare their work with the output/ results achieved by others. They also have access to information on the innovative activities and processes introduced anywhere in the State. At the headquarters, senior officers who are involved in policy and decision-making can use the information available online to monitor the overall performance of field functionaries and to guide and advise field officers, so that both the assessors and those being assessed make effective use of the information. The system also helps the supervisory officers decide which areas need special attention by looking at the overall performance in each Indicator. Thus a two-way communication system has been established, which is totally transparent. Today, AP Police has a system whereby the Head of Department, the DG and the IGP, can assess the work of an SI working in a remote area, without calling for special reports. It is now possible to grade all the functionaries in their order of performance to know who is doing a good job and who needs to improve. This would have been impossible earlier.

Results achieved

In the short time during which the new system has been in operation, the benefits have been manifold. The illustrations given below explain the benefits that have been achieved in certain Key Result areas.
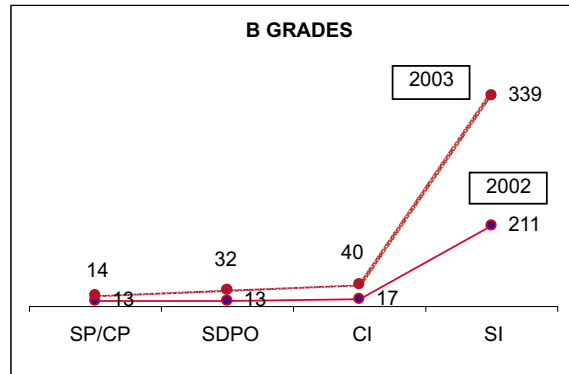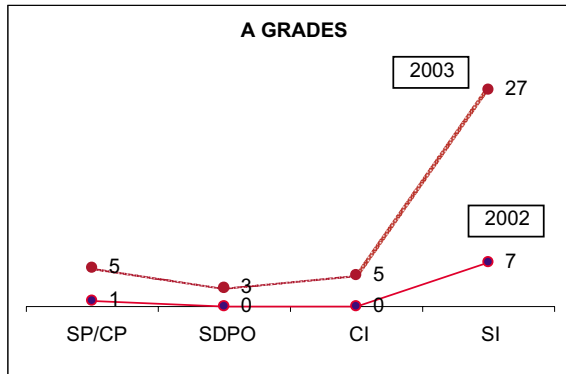
- Better monitoring by Head of Department - districts where results are not up to the mark are focused on and counselling/advice given by senior officers lead to improved performance by the district level functionaries.

	A		B		C		D	
	2002	2003	2002	2003	2002	2003	2002	2003
SI	7	27	211	339	621	498	622	598
CI	0	5	17	40	99	181	240	171
SDPO	0	3	13	32	46	80	58	25
SP/CP	1	5	13	14	9	7	2	0

'A' -   >=4   'B' - >=3 - <4

'C' - >=2 - <3   'D' - <2

A GRADES

2003 • 27
2002
5
3 • 5 • 7
1 0 0
SP/CP   SDPO   CI   SI

B GRADES

2003 • 339
2002 • 211
14   32   40
13   13   17
SP/CP   SDPO   CI   SI

* Increased arrests in offences

Law & Order Bodily Offence Arrest - SI

39.90 %   51.22 %

August 2002   August 2003

Personal Investigation Cases Arrested - SDPO

26.40 %   35.42 %

August 2002   August 2003

SC/ST Atrocities Cases Arrest - SDPO

10.41 %   21.55 %

August 2002   August 2003

Property Crime Conviction - SI

43.12 %   52.51 %

August 2002   August 2003

* Increased Conviction

Law & Order Conviction - SI

30.88 %   41.81 %

August 2002   August 2003

SC/ST Atrocities Cases Conviction - SDPO

14.89 %   32.26 %

August 2002   August 2003

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Personal Investigation Cases Conviction - SDPO

* **Increased Road safety**

Accidents Incidence - SI

Increased Community Interaction : Disposal of Grievances

Maithri Attendance - SDPO

Central Complaint Cell Disposal - SI
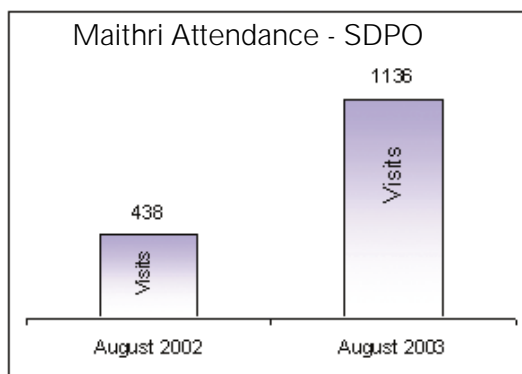
* Control over Delinquencies

Departmental Enquiry (OE) Disposal - SP/CP

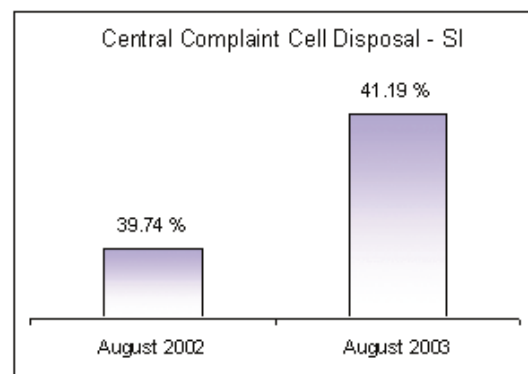124.38 %

53.44 %

August 2002   August 2003

Minor PR Disposal - SDPO

29.16 %

23.04 %

August 2002   August 2003

* Focus on Training and HR

Police Training (Civil / AR) - SP/CP

	Srikakulam	RangaReddy	Krishna	Cuddapah	Nizamabad	Ananthapur	Karimnagar	WestGodavari
AUGUST 2002	400	88.18	348.98	255.1	133.96	164.06	69.14	34.48
AUGUST 2003	581.08	462.5	353.33	334.09	229.17	168.85	97.3	70.37

Tours and Inspections

Inspections and Visits made to PS/CO/SDPO - SP/CP

97.00 %

46.24 %

August 2002   August 2003

Increased use of IT by SP/CP
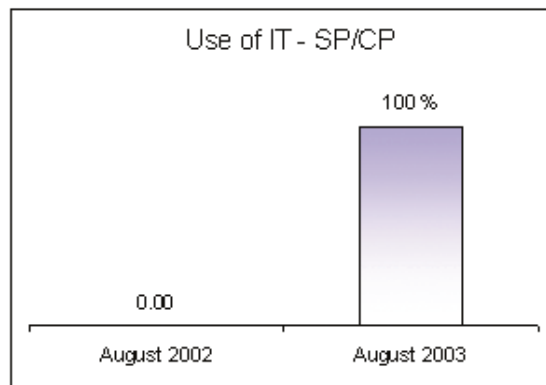
Use of IT - SP/CP

100 %

0.00

August 2002   August 2003

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SI			CI		
Sl. No.	Performance Indicators (Score 0.7)	Weightage	Sl. No.	Performance Indicators (Score 0.7)	Weightage
1	Crime Night Beats Service	6	1	Grave Property Crime Detection	6
2	Property Crime Detection	8	2	Grave Property Crime Charging	4
3	Property Crime Charging	4	3	Grave Property Crime Conviction	7
4	Property Crime Conviction	10	4	Grave L & O Arrest	6
5	Law & Order Bodily Offence Arrest	7	5	Grave L & O Charging	4
6	Law & Order Charging	4	6	Grave Property L & O Conviction	7
7	Law & Order Conviction	10	7	Women Atrocities Arrest	6
8	NBWs Executed	7	8	Women Atrocities Charging	4
9	Summons Served	4	9	Women Atrocities Conviction	7
10	Maithri Felt Needs (Police Related) Disposal	4	10	Faction Crime Arrest	6
11	Extremist Arrest	10	1	Faction Crime Charging	4
12	Extremist Surrendered	7	12	Faction Crime Conviction	7
13	Extremist Cases Seizure (Fire Arms/IEDs)	7	13	Faction Crime Seizure (Fire Arms/IEDs)	4
14	Extremist Died	Bonus	14	Compounding Fee Collected	4
15	Extremist Exchange of Fire	Bonus	15	Extremist Died	Bonus
16	Accidents Deaths	Negative	16	Extremist Exchange of Fire	Bonus
17	Accidents Incidence	Negative		**Process Indicators (Score 0.3)**	
	Process Indicators (Score 0.3)		17	Visits Made to PSs	4
18	Maithri Attendance by SI	2	18	Maithri Attendance	4
19	Maithri Meetings Held	2	19	Protectees/Security Check	4
20	Protectees/Security Check	4	20	Petition Enquiry Disposal	4
21	Central Complaint Cell Disposal	4	21	Departmental Enquiry (OE) Disposal	4
			22	Minor PR Disposal	4

SI			CI		
Sl. No.	**Performance Indicators (Score 0.7)**	**Weightage**	**Sl. No.**	**Performance Indicators (Score 0.7)**	**Weightage**
1	Personal Investigation Cases Arrest	8	1	Police Training (CIVIL/AR)	13
2	Personal Investigation Cases Charging	6	2	Central Complaint Cell petition Disposal	12
3	Personal Investigation Cases Conviction	9	3	Best (Innovative) Practices	Bonus
4	SC/ST Atrocities Cases Arrest	8	4	Extremist Died	Bonus
5	SC/ST Atrocities Cases Charging	6	5	Extremist Exchange of Fire	Bonus
6	SC/ST Atrocities Cases Conviction	9		**Process Indicators (Score 0.3)**	
7	Grave Crime Scenes Visited	4	6	Inspections and Visits made to PS/CO/SDPO	13
8	Grave Crime Reports Sent	4	7	Surprise Visits made to PS/CO/SDPO	12
9	OV Tracing Property Criminals	7	8	File Disposal	13
10	OV Tracing Rowdy Sheeters	7	9	Media Response Disposal	13
11	Extremist Died	Bonus	10	Departmental Enquiry (OE) Disposal	13
12	Extremist Exchange of Fire	Bonus	11	Appeals/Revisions/Minor PR Disposal	11
	Process Indicators (Score 0.3)		12	Use of IT	Bonus
13	Maithri Attendance	4			
14	Inspections and Visits	6			
15	Surprise Inspections And Visits	4			
16	Protectees/Security Check	4			
17	Petition Enquiry Disposal	5			
18	Departmental Enquiry (OE) Disposal	5			
19	Minor PR Disposal	4			
Note : Higher Officials Integrated / Composite Score includes the performance of his subordinate officers					

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26. P-Track: The Online Performance Tracking System for Andhra Pradesh Government

Introduction

Government of Andhra Pradesh (GoAP) was the first state to have taken the initiative in September 2000 to install a Performance Measurement and Evaluation System (PMES) based on performance indicators to track, measure, review and improve the performance of Government Departments and functionaries. The PMES at present encompasses 214 State Government Departments and other quasi-governmental and autonomous organisations in the State.

GoAP has been focusing on performance management as a key instrument for improving the delivery of services and infrastructure. Accordingly, the Government has adopted a performance management system. This system, depicted in Figure 1, is designed to link development goals, policies, priorities, plans, programmes, projects, budgets and action plans with performance towards achieving the desired objectives. It involves performance indicators, performance target-setting, performance monitoring, performance measurement, performance-based evaluation, performance-based review and evidence-based policy-making.

Figure 1

Performance Management Model
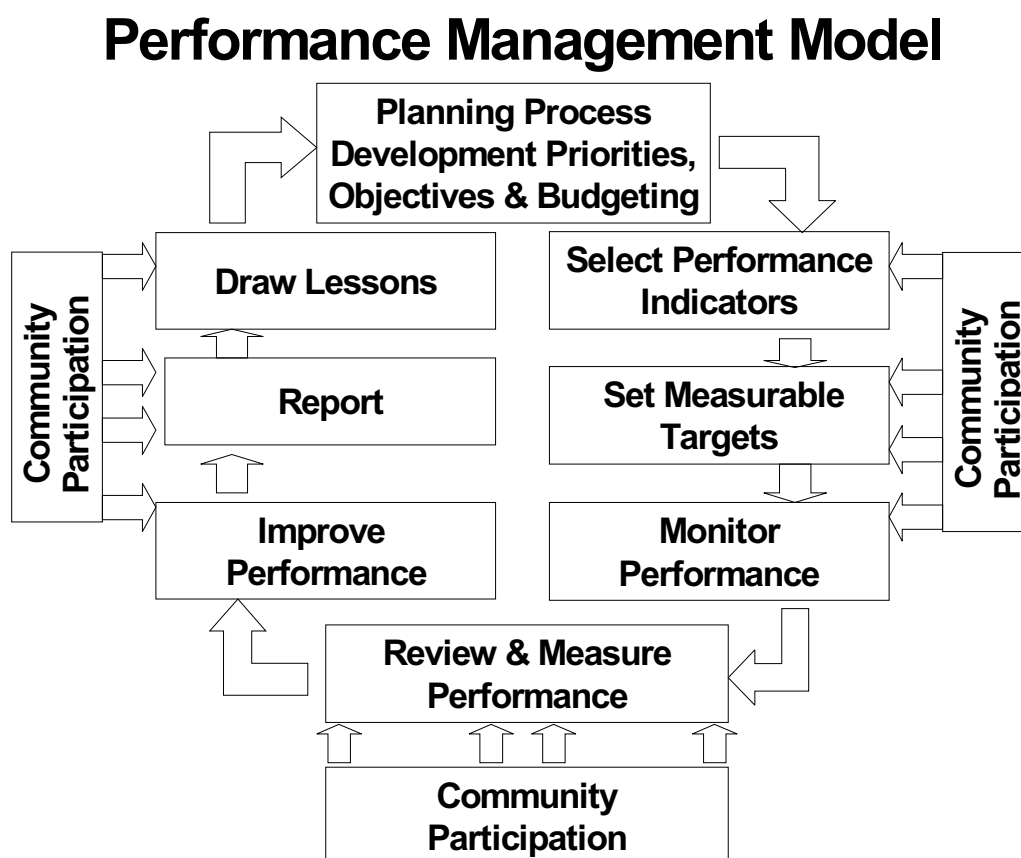
Steps followed in Performance Management

- Develop vision and mission;

- Set out development objectives and priorities;

- Identify performance outcomes and impacts;

- Set appropriate performance indicators as yardsticks for measuring performance;

- Set measurable targets;

- Monitor performance;

- Measure and review performance;

- Improve performance;

- Establish a process of regular reporting;

- Draw lessons for the next round of planning process.

Vision 2020 of the State has articulated the development goals to be achieved in different sectors by the year 2020. Keeping this Vision in view, all the Government Departments have been divided into eight groups depending on their core functions as outlined below:

Table 1

Andhra Pradesh: Classification of Government Departments

Group	Group Description	Role of Government
Group I	Economic Development (Primary Sector)	Facilitator of economic growth
Group II	Economic Development (Secondary & Tertiary Sector)	Facilitator of economic growth
Group III	Human Development	Promoter of human development
Group IV	Welfare	Directly undertaking services for the socially backward and needy
Group V	Local and Urban Bodies	Decentralisation and strengthening of local governments to enable them discharge civic obligations
Group VI	Infrastructure Development	Building economic and social infrastructure
Group VII	Revenue Generation	Mobilisation of resources for development
Group VIII	Governance	Provider of general administration, and regulatory services, maintenance of land records and maintenance of law and order

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Performance Indicators, numbering more than 980, have been adopted by more than 200 Departments. The targets and achievement for all these indicators are monitored monthly, quarterly and annually for all Departments and Districts at the level of the Chief Minister, Ministers and Secretaries. The jurisdictions and functionaries are assigned monthly and cumulative grades based on measurement of performance with respect to set targets.

In addition to performance indicators, process indicators are also monitored by the Government. These are measures which indicate the processes adopted to make the government organisation run its activities in a systematic manner.

The Government has adopted a 4-F model for tracking and measuring performance: Function, Functionary, Finance and Field. Measurement of performance is done by deploying a Hexagon Model. This model tracks:

- A monthly comparison of a Department or functionary.

- To what extent has a functionary achieved his/her annual target?

- How does he/she compare with the achievement for the corresponding period of last year?

- How far is he/she from the Vision 2020 or forward target?

- How far is he/she from the benchmark, fixed, if any? and

- How does he compare with his/her colleagues of the same level or designation?

P-Track: Measuring Government Performance Online

The initial process of reporting which was followed till December 2002 involved reporting performance information in a hard copy. The information received from the Departments was then fed manually into the computer and MS-Excel spreadsheet package was used to generate various performance reports. This system of reporting took several days to process and involved immense calculations before a report was prepared. In this system there was a chance of losing data while maintaining huge stacks of files, as this was paper-based work. Besides, the process involved inconsistency in reporting of data, no validation checks while submitting the performance data, inconsistency in calculations, no transparency, etc. Moreover, the lack of a centralised data system left very little scope for generating various kinds of performance reports required for an effective review.

To address the problems encountered in the manual system and to provide an effective tool for performance management, the Online Performance Tracking System called "P-Track" has been developed by the Centre for Good Governance. This provides a robust computer package to measure and grade performance and generate a number of reports. This tool can be easily applied to both public and private sectors. The Centre is contemplating patenting the product, which is based on months of brain-storming and hard work. The tool is being extended from Departments and from state-level to districts and mandal levels. It will eventually be the backbone of the entire performance evaluation exercise that the State undertakes. It is programmed to collate performance data that will play a major role in realising the goals of Vision 2020, implementing IT in simplifying government procedures and supporting decision-making in the government.

Objectives of "P-Track"

- To bring transparency and improve accountability in the government;

- To know the impact of government-run programmes on people;

- To systematically evaluate individuals, institutions, programmes, and Departments;

- To provide an integrated performance information management and feedback system to all its users;

- To Link the Performance Tracking System with all other Assessment Systems;

- To support Objective Assessment for Incentives and Disincentives.

Features of P-Track

P-Track provides an e-interface to all the Departments/functionaries for providing their performance data. The objective is to quantify the performance of each and every functionary and Department in the state. Through this application, each Department can

- Define

   a) their jurisdictions, and

   b) the relationships that exist among the jurisdictions;

- Specify the designation hierarchies and the different functionaries that exist in the jurisdictions;

- Record the details of the functionaries;

- Define indicators which are relevant to each Department - field-wise and functionary-wise;

- Assign indicators to jurisdictions and functionaries;

- Set the targets for the indicators, to be achieved by the functionaries, and the corresponding grading system to evaluate the performance.

"P-Track" is designed to send monthly reports from the respective lower level functionaries to their immediate superiors in the Departments through the web. The data sent by the Departments to their heads are maintained in a centralised database that can be tracked and monitored from a focal position. Target fixing and resource allocation is carried out in the system by the top-down process, wherein targets and resources are distributed step by step from the highest to the lowest level.

Some of the features of "P-Track" are:

- Tracking and grading of performance at different levels - Minister, Secretary, Heads of Departments at State and District levels. Work is in progress to further drill tracking and grading down to mandal, village/panchayat and habitation level;

- Unique login accounts for 38 Ministers, 42 Secretaries, and 214 Heads of Departments for giving information on their performance indicators, process indicators and expenditure statement, wherever applicable;

- Provision to specify an organisation structure, addition/updation of functionaries, institutions, Departments and indicators;

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- Provision for setting target distribution: field-wise and functionary-wise;

- Automated information flow, computation of grades, ranks, and generation of various reports for effective and informed decision making;

- Generation of various textual, graphic and GIS reports that throw light on "Star Performers" as well as "Non Performers."

Features on the anvil:

- Login accounts for all the remaining functionaries of the GoAP, i.e., support to all the employees of over 200 Departments and 23 districts including mandal, habitation and village/panchayat level;

- Provision for setting target models by indicator, by functionaries, by Department and field-wise;

- Integration and linkages with external assessment - media perception, people's feedback, call centre service fulfillment, etc.;

- Links to 'best practices.'

Types of Reports

P-Track comprises of performance information fed into the system by the respective Departments/ jurisdictions and a host of reports that are generated for purposes of evaluation, review and feedback. A few of them include reports on:

- Monthly targets and achievement with respect to performance indicators, Departments, Department groups, territorial jurisdictions, functionaries, institutions, etc.

- Integrated, performance and process score and grade reports for Departments, Department groups, territorial jurisdictions, functionaries, etc.

- Process indicators: review meetings, tours and inspections, file disposal, and action in important matters.

- Financial targets and achievements.

- Competitiveness assessment of jurisdictions and functionaries.

- Trends of all indicators and their differentials.

- Exception reports on deviations from expectations.

- Best to Worst Achievers list.

- Hexagon Model Reports.

Advantages and Utility of P-Track

"P-Track" facilitates effective management of data, provides distributed services to employees, ushers transparency in governance, brings about responsiveness among functionaries, assists in rapid retrieval of data, and most importantly, it is simple to use. "P-Track" enables the integrated grading and achievements assessment of functionaries, institutions, and Departments, on the basis of the targets

fixed and responsibilities given. The system is programmed to facilitate easy and cost-effective communication between Departments, thus saving on time, resources, and cumbersome procedures.

Among the advantages of P-Track are:

- The System generates periodic summary reports aiding Ministers, Secretaries to Government, Heads of Departments and District Collectors in their periodic review meetings which in turn aid in taking steps for further improvement in the performance and decision making;

- Provides precise information to manage resources efficiently and effectively;

- Provides valuable feedback to all its users;

- Provides an assessment of 'where we are', 'how we are progressing', and 'what to do' in order to progress in a desired direction at a desired pace;

- Centralised performance measurement, monitoring and tracking system.

On a periodic basis (monthly, as it is now) performance-related data is sent by Ministers, Secretaries, and state-level HoDs through "P-Track". In the case of Performance Indicators for State-level HoDs, which are assigned and drilled down to lower level resources, indicator-wise target and achievement figures are collected from the concerned resource office and the information is fed into "P-Track" using the login account of the concerned state-level HoD. However, work is in progress to create login accounts for functionaries at various resource-levels so that the information would come directly from the resource levels and get integrated automatically at the state-level.

Periodic targets (presently Annual and Monthly Targets) are set for the indicators and achievements against the targets show the performance of the Department. A web application is the easiest way to make all functionaries part of the system who are spread over various districts in the state. The system facilitates employee membership in the application, a way to define targets at the state-level for the entire Department, distribute those targets to lower level territories and functionaries, i.e., pass them on to the lowest level possible, and making employees at each level feed his own achievement details.

"P-Track" enables the integrated grading and achievements assessment of functionaries, institutions, and Departments, on the basis of the targets fixed and responsibilities given. The system is also programmed to facilitate easy and cost-effective reporting mechanism for the individual Departments for self assessment of their performance in rendering their services as well as the process workflow of the Department and hence, the overall performance of the government.

27. Citizen's Charter and Customer Management Centres in APTransco and Distribution Companies in AP

Citizen's Charter

AP Transco and Distribution companies are implementing the "Citizen's Charter" which stipulates various service standards to meet the expectations of consumers.

Citizen's Charter has been developed with utmost care and has taken into consideration the consumers' expectations and companies' capabilities. The Charter's service standards have been reviewed and approved by the AP Electricity Regulatory Commission.

A few highlights of the Citizen's Charter are:

TYPE OF SERVICE	SERVICE STANDARD
Quality of Power Supply (Supply failure related complaints and voltage abnormality related complaints)	Within 4 hrs. if the defect is within the control of AP Transco and 10 days if it is outside of its control
Billing Discrepancies	Will be resolved immediately if the complaint is received in person and within 7 days if received through post
Fuse off calls	Within 4 hrs. for cities and towns and within 12 hrs. for rural areas
Scheduled outages excluding statutory power cuts	The scheduled outage plan will be intimated to the consumers 24 hrs. in advance
Metering/Meter Replacement	Burnt meter within 7 days and stuck up and defective meters within 30 days
Disconnection and Re-connection of power supply	7 days notice for disconnection will be given and re-connection will be given within 2 hrs. of proof of payment
Application for New Connections/Additional Load	Within 15 days from receiving of application in cities and towns and within 30 days for rural areas
Transfer and Conversion of services	Within 30 days from receiving of application

Electricity Call Centres and Consumer Service Centres have been established by the Distribution Companies in all the district headquarters and towns. The centres are outsourced, and thus it is ensured that every complaint is registered, acknowledged and action monitored through an independent third party.

After introduction of the Citizen's Charter, the DisComs have released around 28,000 LT new services in a record time of 48 hrs. from receiving applications (service extension from existing network) even

though the norm is 15 days. Similarly, as promised in the Citizen's Charter, the 'fuse off' calls are being attended within 4 hrs. in cities and towns and within 12 hrs. in case of rural areas.

Special training programmes are being conducted to improve the employee's understanding of various consumers' issues and to give better service at customer service centres and call centres.

Customer Management Centre (CMC)

Electricity Call Centres (ECC) and Customer Service Centres (CSC)

Objectives:

Customer Service Centres (CSC) have been conceptualised with the intention of providing a single window contact for all customer related activities and they are being set-up all across the state to fulfil the objective of providing assured and timely customer services.

The CMC centres comprise of Electricity Call Centre (ECC), Customer Service Centre (CSC) and Computerised Collection Centres (CCC) under one roof. ECC provides a centralised customer-friendly channel for registering and resolving customer complaints related to power supply or distribution network, over the phone (just dial 1912) on 24/7 basis, 365 days a year. The Customer Service Centre (CSC) addresses all commercial requests/complaints like new service connection, title transfer, category change, additional load, pole shifting, billing related complaints, etc., which require the customer to come to the centre personally for submission of supporting documents.

The Computerised Collection Centres (CCC), provide infrastructure for collecting bill payments and other charges towards commercial requests made at the CSC.

The purpose of setting-up these centres is to fulfill the following objectives:

- Provide single point of contact for all customer-facing activities;
- Provide assured and timely services to the customers as per stipulated time frames (Service levels mentioned in the Citizen's Charter);
- Significantly reduce processing time in case of new service connections;
- Enhance customer satisfaction levels by continually improving the service standards and thereby the image of the utility in the eyes of the customers;
- Bringing customer-centric approach to the customer service process;
- Establish centralised control and monitoring over the entire customer care process for creating higher transparency and timely action initiation.

Brief details on Customer Management Centres

Before implementation of CMCs and Citizen's Charter the customer complaints redressal system had many limitations like:

- No single person or cell responsible for handling complaints;
- Non registration of complaints;
- Long lead time to resolve complaints;

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- Delays in cases of commercial complaints due to staff taking long time to verify readings/bills;

- Poor awareness among customers regarding Distribution Companies' complaint-handling procedures;

- No standards on what the expected service levels were.

Customer Management Centres have been now established in all the towns and the distribution companies are now planning to extend this facility in all Mandal headquarters and major Panchayats in rural areas. These Centres have the following features:

- Operation of call centres has been entirely outsourced to have the advantage of third party involvement and independence in operation and monitoring;

- Every complaint is registered on the computer and follow-up action based on the complaint is monitored;

- Proven software has been installed and tracking and monitoring is systematically implemented;

- Enough telephone lines have been provided to reduce congestion and provide ease in approaching the call centres;

- Adequate manpower to attend to peak hour rush;

- Common number (1912) in the towns and urban areas in a District for the convenience of the customers;

- Responsible officers posted at the centres to oversee the complaint resolving process;

- Compliance monitoring with respect to the Citizen's Charter standards done on a daily basis and appropriate action taken in case of deviations.

Infrastructure at CMCs

An integrated approach for providing end-to-end solutions towards customer service needs has been adopted so as to make the entire process customer-centric and service friendly. The Customer Management Centres are equipped with efficient computer systems and customer management software. The proposed centres would have sufficient number of telephone lines to facilitate easy accessibility for the customers. The Consumer Master and Billing Data is updated in the system on a regular basis in an offline as well as online mode wherever network between various Department offices is present, for providing proper linkage between all customer related activities like metering, billing, collections, disconnections and dismantlement, field service order, material management, etc. It envisions the streamlining of the entire customer service process and provides better control for supervision and monitoring of complaints-redressal by creating high levels of transparency for fixing accountability and identifying any slackness among personnel involved in the process.

The Customer Management Centre operations can be broadly classified into:

- Electricity Call Centre (ECC) operations; and

- Customer Service Centre (CSC) operations.

Electricity Call Centre Operations

The activities performed under call centre operations include:

- Handling power supply related complaints;

- Handling other complaints/service requests and queries raised by the customers;

- Dispatching the registered complaints to the concerned FOCC/SO;

- Monitoring for redressal of complaints within the SERVICE LEVEL as per guidelines of APERC;

- Providing information on status enquiry to customers;

- Answering various queries raised by the customers;

- Generating various Operational and Centre level MIS reports.

Customer Service Centre (CSC)

Customer Information

- Providing various information required by the customer related to metering, billing, collection, disconnection, reconnection, etc.;

- Providing information related to procedures for obtaining new service connection, title transfer, category change, phase changes, contracted load changes, etc;

- Providing clarification related to bill calculation, billing tariff, additional charges, duties, billing history, etc.;

- Providing current status of the complaints/requests registered.

Service Area

CMCs serve the customers in the areas covered under their jurisdiction.

In the case of centralised centres set up in towns/cities, they cater to the customers of that particular urban area. In the case of sub-division offices they cater to the customers of the particular sub-divisional jurisdiction.

Mode/Channel of Reach

All the ECC services can be made available to the customers through telephone. Customers can dial 1912 in towns/cities and other numbers as specified for centres located at sub-division offices. Other channels of reach like internet through corporate customer information portal can also be made available. At a later stage APTransco even has plans for providing hot lines/kiosks set up in a networked environment at key strategic locations and also toll free lines for easy access to the system.

For availing CSC and CCC services, which require filling of forms, payment of deposits, etc., customers shall be required to come to these centres in person. This is insisted upon to eliminate the role of middlemen.

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Operation of Electricity Call Centre

Receipt of complaints

The proposed system facilitates customers to register their power supply related complaints over phone.

When the customer calls the Centre, the call would be attended to by the executive in-charge of 'receipt of complaints'. He would register the complaint against any of the information provided for identification (like customer's SCN, name, door number, address or telephone number) and retrieve information from the existing database and provide him with a unique complaint registration number generated by the system. The number of personnel in-charge of receipt would depend on the volume of calls expected in each shift.

The system would also have the facility to identify the customer using the Caller ID. This will eliminate the task of taking down the customer information before registering the complaint.

Dispatch of complaints

Post receipt, the complaint would be forwarded to executive in-charge of 'dispatch'. Complaints can be dispatched through one of these:

> * SMS
>
> * Pager
>
> * Telephone
>
> * WAN/Leased Line

In case of cellular phones being available with the concerned field staff or the breakdown van, the dispatch executive shall send a SMS using the application software.

Complaints can be dispatched online in case of availability of WAN/ MAN or through pagers where paging services are available.

In case the complaints are dispatched through telephone, dispatch executive would have telephone lines that are different from those used by executives receiving complaints.

The dispatch executive would call up the appropriate 'attendants' (at the FOCC / Sub-station/SO) to communicate the complaint details. The person receiving the call would provide the ECC executive with a reference number indicating that he has received the complaint. This person would in turn forward the complaint to the concerned lineman for complaint resolution.

After pre-specified time duration, the system would give an auto alert to the personnel in charge of monitoring the complaint to start calling up the attendants to check if the complaint has been resolved. In case the complaint has been resolved, they would record the same against the complaint number. In other cases, they would ask the attendants the time taken for resolution and reasons for delay, if any.

An alternative arrangement involves attendants themselves calling up the ECC or sending an SMS to inform the resolution of the complaint.

Rectification of complaints

The service personnel would attend to the customer complaint within the stipulated service level timeframe. Once the complaint is rectified, the service personnel will call back the call centre personnel and update the status of the complaint. The call centre personnel shall close the complaint.

In case the service personnel are unable to resolve the complaint within the stipulated timeframe, then the call centre personnel will escalate the complaint to the notice of the higher authorities for expediting the resolution process. Wherever there is an online network available between the offices concerned, the system automatically escalates to the higher authorities.

Monitoring Process

Internal Monitoring

The Call Centre team leader closely monitors the performance of the receiving and dispatching executives through the computer systems. The application software provides separate screen for the team leader to monitor the activities of the executives and perform load balancing of the tasks handled by the dispatch executives.

External Monitoring

Team leaders regularly contact the field staff/breakdown van personnel/concerned offices to get updated information on the status of the complaints. The system gives alerts for deviations and prompts for viewing various reports and initiate timely actions for ensuring the effectiveness of the process.

Escalation of complaints

In case the complaints have not been attended to within the defined service levels, it would need to be escalated to pre-specified higher authorities. The choice of escalation authorities is to be made based on the criticality of the situation. These authorities could include the ADE/DE/SE or even the CE, depending on criticality.

Status Enquiry

The customer may know the status of the complaint by calling up the Electricity Call Centre and providing the registration number of the complaint.

Operation of Customer Service Centre

Receiving the Complaint/Request

a. The Customer Service Centre executive shall receive customer complaints/ requests for problems related to metering, billing, disconnection, etc., or service requests relating to new service connections, title transfers, category changes, load enhancements, and other commercial requests.

b. The customers need to come to the customer service centre and register the complaints/request in person.

c. The customer service centre executive interacts with the customer/prospective customer and finds out the requirements.

d. Depending upon the nature of the complaint/request, the Customer Service Centre executive spells out the documents that need to be submitted for processing the complaint/request.

e. Once the required documents are presented, the Customer Service Centre executive hands over the necessary forms that need to be filled up. The executive assists the customer in filling up these forms. The Customer Service Centre executive accepts the duly filled up forms and documents provided by the customer.

f. He will also accept the Registration Fee, as applicable, paid by the customer.

g. The Customer Service Centre Executive will register the complaint/request in the system and provide a registration number to the customer.

h. The documents are segregated complaint-/request-wise.

Dispatch of Complaints Registered

- The system generates a cover letter for the complaint registered addressing the concerned official. The cover letter is given a Dispatch Number and the same is entered in the Dispatch Register.

- The Customer Service Centre executive segregates the complaints/requests office-wise and hands them over to the route rider for delivering them to the concerned offices.

- The route rider delivers the complaints/requests to the concerned official/office and obtains an acknowledgement by getting the signature and stamp on a copy of the complaint delivered.

- The Customer Service Centre executive records the dispatch information (date, time, and concerned officer's name) in the system against the complaints delivered and acknowledged.

- The copy of each complaint/request is filed separately.

Monitoring and Escalation

- The Customer Service Centre executive monitors the resolution of the complaints/requests.

- Before the completion of the service level time, depending upon the nature of the complaint/ request, the system prompts the Customer Service Centre executive to expedite the resolution process.

- When the system prompts for the first escalation, the Customer Service Centre executive contacts the concerned officer (ADE/AAO) over phone and through letter, and urges him/her to expedite the resolution process. The status of the complaint is updated as 'Escalated'.

- When the system prompts for the second escalation, the Customer Service Centre executive contacts the concerned officer (DE/SE). Depending upon the criticality of the complaint, the complaint can be escalated up to the level of CE.

- The complaints/requests are monitored until they are resolved.

Status Enquiry

- Customers call/visit the Customer Service Centre to know the status of the complaints registered by them.

- The registration number is obtained to check the system to know the latest position of the particular complaint.

- The status of the complaint is provided to the customer.

- The details of the enquiry calls/visit are recorded in the List of Enquiry Calls sheet.

Vidyut Adalats

Since all consumers with grievances/enquiry may not be able to access CSCs at the Sub-divisional level, APTransCo and DisComs are conducting Vidyut Adalats at Mandal level, on every Monday of the month, such that one Vidyut Adalat is conducted in every Mandal once every month on a fixed Monday. The Vidyut Adalats are conducted by the Assistant Divisional Engineer (ADE) with the support of the Electricity Revenue Office (ERO) at Mandal level. Complaints received from the customers are resolved on the spot, in case the complaints are commercial in nature like wrong billing or metering problems. In case of any technical complaints, these are resolved within the time frame as per Citizen's Charter norms, which stipulate standards and time frames for settling such consumer complaints.

Vidyut-Adalats have become a popular forum for the consumers to bring their electricity billing related problems to the notice of utility officials. Consumer participation and satisfaction has improved due to wide publicity for the Adalats in the media, and the speedy redressal of grievances during the Vidyut Adalats. During the period from the commencement of Vidyut Adalat upto the end of September 2003, 43,237 complaints were registered and 38,738 redressed.

Benefits to the Customers due to various initiatives

In view of the above initiatives there have been substantial improvements in customer service functions. Some of the improvements are as indicated below:

- Citizen's Charter implementation and monitoring through the call centres has enabled the utilities to deliver services promised to the customers as per standards.

- Interruptions and breakdowns in 2002-03 have come down by 17% compared to 2001-02.

- The DTR failures have come down from 28.03% in 1999 to 18.72% in 2003.

- The percentage of wrong and defective billing has come down substantially after conducting Vidyut Adalats and taking action accordingly. Around 93% of wrong billing and metering complaints have been resolved during Vidyut Adalats.

- Low-voltage pockets have been substantially eliminated and the voltages have improved by 10%.

Way forward

Many improvements in both the process and the technology are being taken up to further improve the Call Centres' working and to make them more effective. Some of the improvements are:

- Improving the connectivity between the Call Centres and the Section Offices to get the information on compliance.

- Improving the back-office processing for attending various complaints effectively.

- Toll free number for the convenience of customers.

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28. APGENCO Best Practices

Backdrop

The electricity industry forms a critical part of the state's infrastructure and its continued expansion is necessary for improving the quality of life, promoting rapid economic growth and competitiveness in the economy.

Till 1998, the power sector in Andhra Pradesh operated under the state-owned undertaking, Andhra Pradesh State Electricity Board (APSEB), formed under the provision of Supply Act, 1948. As a part of Power Sector Reforms, under AP Electricity Reforms Act, 1998, APSEB, the vertically integrated power utility, was unbundled in the first phase into Generation and Transmission Corporations, viz., Andhra Pradesh Power Generation Corporation (APGENCO) and Andhra Pradesh Transmission Corporation (APTRANSCO). APTRANSCO was entrusted with the business of purchase (from various sources), transmission, and supply of electricity and APGENCO was to be engaged in the generation of electricity. APGENCO came into existence on 28th December, 1998 and commenced operations from 1st February, 1999. All the generating stations owned by the erstwhile APSEB were transferred to the control of APGENCO.

With an asset base of over Rs.10,000 crores, APGENCO has taken under the effective management of AP's power resources its wings. APGENCO contributes 60% of the state's power demand. It is not only engaged in the business of generation of electricity but is also involved in the execution of new projects under the capacity addition programme and renovation and modernisation works of old power stations.

Reform Initiatives and Impact

Several initiatives have been taken up as part of the reforms process to further improve the functioning of APGENCO on all the key performance indicators such as Capacity Addition, Plant Load Factor (PLF), Auxiliary Consumption, Specific Oil Consumption and Heat Rate by judicious investments, inculcating cost consciousness, arrangements for better power supply of coal through joint

Installed Capacity (Dec-2003) 10634 MW		
• Thermal	-	2972 MW
• Hydro	-	3663 MW
• Gas	-	1296 MW
• Central Generating Stations	-	2212 MW
• Others	-	491 MW

sampling protocols, measures to check actual consumption of coal against targets, energy auditing, planning, daily production meetings in the units, planning renovation and modernisation schemes, timely preventive maintenance, etc.
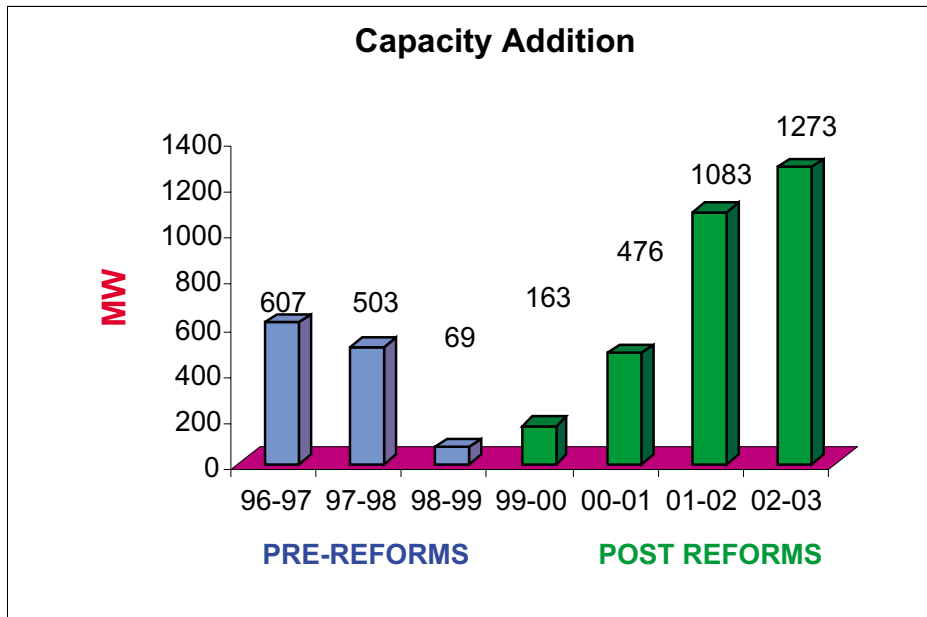
Today, APGENCO is the third largest power utility in the country next to NTPC and Maharashtra and has the highest hydro electric capacity in the country.

Capacity Addition

Keeping in view the need for power as a critical input for economic development, investments were made to build additional capacity. As a result, capacity addition of 786 MW during the period 1999-00 to 2002-03 was much higher than the addition of 501 MW during 1995-96 to 1998-98 (pre-reform period). A sum of over Rs.2700 crores was invested in capacity addition in the last four years and the post-reform period has witnessed the highest increase in the generating capacity in the country - 4321 MW (post-reform period).

Capacity Addition

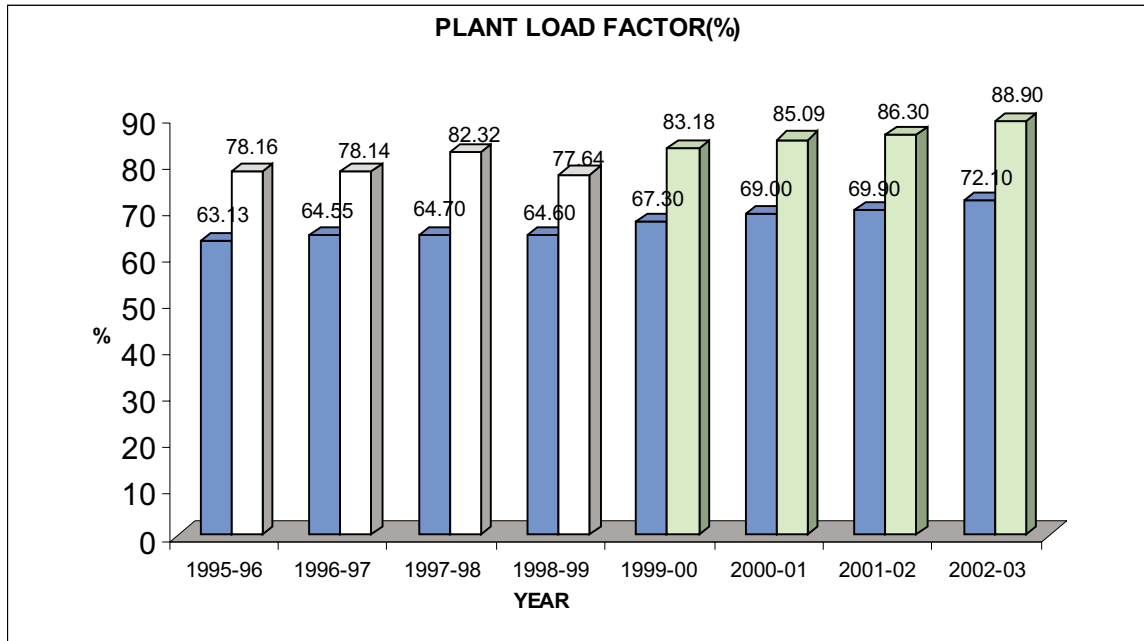| Year	MW
96-97	607
97-98	503
98-99	69
99-00	163
00-01	476
01-02	1083
02-03	1273

PRE-REFORMS — POST REFORMS

Plant Load Factor

After its formation, APGENCO initiated several measures to improve the Plant Load Factor (PLF) which is an important indicator of operational efficiency in thermal power plants. The highest Plant Load Factor (PLF) achieved by the erstwhile APSEB was 82.3% during 1997-98 which was then the highest among the other State Electricity Board (SEBs) and the central power generation companies. Due to sustained initiatives aimed at further improving the PLF, APGENCO could achieve a PLF of 88.9% in 2002-03 which is the highest ever achieved by APGENCO and ranks second at the all-India level.

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The graph showing the PLF achieved by APGENCO and APSEB compared to the all-India average indicates the improvement in PLF over the years.

PLANT LOAD FACTOR(%)

The three thermal power stations maintained by APGENCO, viz., Rayalaseema Thermal Power Station (RTTP), Vijayawada Thermal Power Station (VTPS) and Kothagudem Thermal Power Station (KTPS) have taken the top three positions in PLF achieved on a national basis during the last 8 years barring 1999-00 during which RTTP stood second with its all time high PLF achievement of 94.9%.

PLF - Highest in the Country (better than private sector)

Highest Plant Load in the Country - 2003   88.9%

All India Average   72%

NTPC   82%

Rayalaseema Thermal Power Station (RTTP), Vijayawada Thermal Power Station (VTPS) and Kothagudem Thermal Power Station(KTPS) - Stage V, stood 1st, 2nd and 3rd respectively in the country by achieving a PLF of 94.83%, 93.17% and 93.16%

VTPS has qualified for the Meritorious Productivity Award for the 20th consecutive year and secured the 9th consecutive Gold Medal since 1994-95
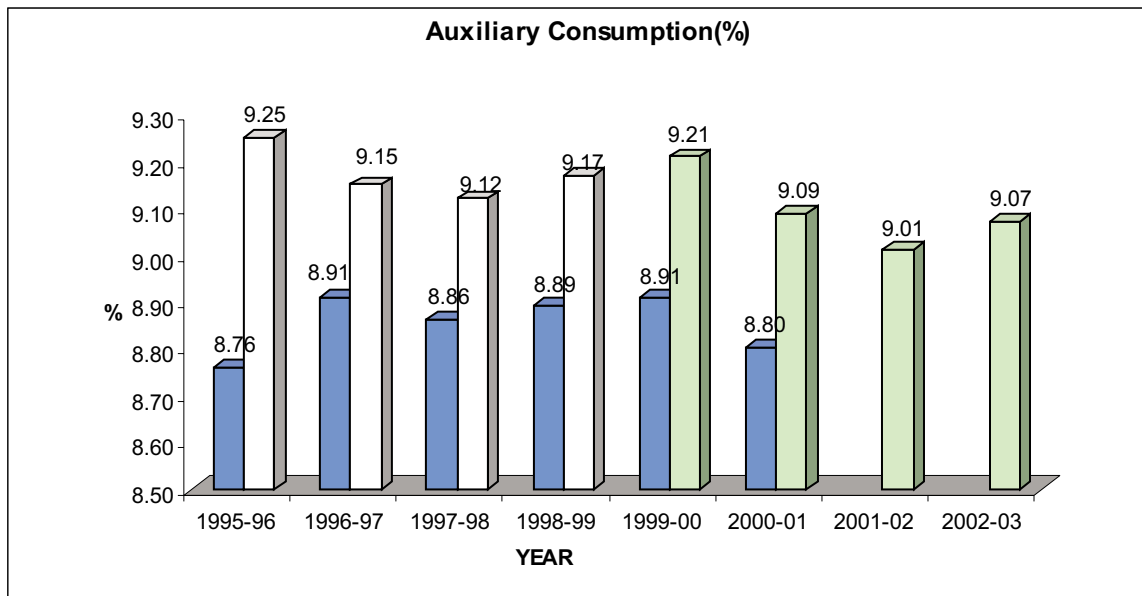
RTTP has qualified for the Meritorious Productivity Award for the 6th consecutive year and secured the 5th consecutive Gold Medal since 1998-99

KTPS - Stage V has qualified for the Meritorious Productivity Award for the 4th consecutive year and secured the 4th consecutive Gold Medal since 1999-00

Auxiliary Consumption

Auxiliary Consumption in APGENCO was always within the limits prescribed by the Central Electricity Authority (CEA). However, greater thrust was given for further reducing the Auxiliary Consumption and good results were obtained. Auxiliary consumption was brought down from 9.25% during 1995-96 to 9.01% during 2001-02. The graph shows the Auxiliary Consumption in plants run by APGENCO and APSEB compared to the all-India average indicating its reduction over the years.

Auxiliary Consumption(%)

Year	APGENCO/APSEB	All-India
1995-96	8.76	9.25
1996-97	8.91	9.15
1997-98	8.86	9.12
1998-99	8.89	9.17
1999-00	8.91	9.21
2000-01	8.80	9.09
2001-02	9.01	
2002-03	9.07	

Secondary Oil Consumption

Thermal plants in the state have always operated with less secondary oil consumption. By improving performance and bringing down forced outages, specific oil consumption was brought down from 2.43 ml/Kwh during 1996-97 to 0.64 ml/Kwh during 2002-03. The consumption is well below the prescribed norm of 3.5 ml/Kwh and less than the national average.

Overall Heat Rate

Most of the thermal units operated by APGENCO are very old. But by taking effective steps like conclusion of fuel supply agreements, sampling and analysis of coal received and optimum control over operating parameters, the overall heat rate was brought down from 2721 Kcal/Kwh during 1995-96 to 2484 Kcal/Kwh during 2002-03.

Maintenance Tasks

Time taken for major overhauls and other maintenance tasks of power plants has been reduced by proper planning of manpower and material management. Maintenance tasks that normally take 30 days are completed in about 12 days by telescoping tasks and working on three shifts. Computerised condition monitoring system to monitor the machine vibrations, rotational speeds, contamination of bearing oils, etc., has been procured. This portable equipment helps in timely detection of developing faults and their rectification, before they lead to breakdown of equipment. These initiatives have substantially improved the availability and PLF.

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Environmental Improvements

- Erection of parallel Electro Static Precipitators conforming to the present day standards of 115mg/NM3 is being taken up in thermal units, some of which have already been completed.

- Regular plantation is being done in and around power plants.

- Commercially viable plantation development is being taken up on wards in the abandoned ash plant of VTPS. Plantation with cloned eucalyptus plants developed by ITC Bhadrachalam is being taken up in 1200 acres in and around Kothagudem TPS.

- Ash is being given free of cost to various industries such as cement factories and mines for filling the low-lying areas.

- To promote ash utilisation to a greater extent and to reduce pollution, efforts are being made to encourage its use in the construction industry.

Human Resource Development

- APGENCO believes that Human Resources are one of the most important assets of the organisation and is attaching a lot of importance for their training as well as well-being. APGENCO has got a well-equipped training centre at VTPS. Employees are also being sent to reputed training institutes in the country such as National Thermal Power Corporation (NTPC), Power Management Institute, Noida, and other training centres in major power stations of the country.

- Facilities are being provided to enhance the skills of the unqualified employees by helping them upgrade their qualifications. In addition, computer familiarisation/ computer refresher courses are being arranged at the VTPS Training Institute.

Computerisation

Keeping in view the latest technological developments in the field of information technology, the Corporation had decided to give a big thrust to computerising all its major activities. The Corporation has decided to declare 2003-04 as **"Year of Computerisation."**

The Corporation has decided to implement Wide Area Network (WAN) across all its stations and corporate office so as to implement online computerisation in order to reduce its lead time in decision making, reducing inventory and for effective utilisation of resources such as men and machine, so as to continue as the Number One in the country. The Corporation is also planning audio, video conferencing and internal mail system between its generating stations and headquarters to avoid delay in decision making.

The important areas where actions are in advanced stages are as follows :

- APGENCO has taken up computerisation with a view to run the generating plants optimally, planning high cost material procurement and optimisation of its material inventory, and also to have an online check on the maintenance of the power house equipment as per the schedule.

- Development of various software applications like Coal and Fuel Accounting System, Stores and Spares Management System, Human Resources Management System, etc., are either programmed or under implementation.

- It is proposed to extend APSWAN connectivity to all generating stations as a parallel to the existing VSAT network to reduce lead time in data transfer, effective utilisation of men and machines, etc. It is proposed to completely modify the existing website and transform it into a dynamic portal.

- APGENCO is also planning audio, video conferencing and an internal mail system between its generating stations and corporate office to eliminate delays in decision making.

Tenders on the Website

In order to ensure transparency and wide publicity in calling for tenders/bids pertaining to various projects, all information pertaining to tenders/bids floated by the Projects/Power Stations are posted on APGENCO's website, www.apgenco.com. This process would not only introduce transparency but also promote competition, which would in turn endorse the advantage of competitive offers.

ISO Certification

- Action has been initiated by appointing M/s Lloyds Registry of Shipping as consultants to obtain ISO certification to all power stations starting with VTPS.

Cost Reduction Measures

- Fuel Supply Agreements (FSAs) have been concluded with Singareni Collieries Company Limited (SCCL) and Mahanadi Coalfields Limited (MCL). The main features are joint sampling and testing of the coal supplies to determine the actual grade of supply. These agreements helped receipt of coal conforming to the required grade and quality leading to sizeable reduction of fuel costs by about Rs.85 crores per annum. Superior quality of coal has also led to improved thermal efficiency and total power generation.

- The secondary oil consumption has progressively come down to 0.62 ml/Kwh during 2002-03 and is consistently less than the CEA norms of 3.5 ml/Kwh and PPA resulting in substantial savings. The reduction in consumption of secondary oil at the thermal power stations has resulted in a savings of Rs.7 crores during the year 2002-03.

- The weighted average station heat rate has marginally gone down from 2509 KCal/Kwh in 2000-01 to 2484 KCal/Kwh in 2002-03 and this amounts to a saving of Rs.25 crores for the year.

- Lease rentals were renegotiated with ICICI which would result in a reduction of Rs.53 crores in the overall outgo during the period 2001-2005.

- High-cost loans of Bharat Heavy Electricals Limited (BHEL) credit supply were liquidated by obtaining loans at lower cost from financial Institutions which would result in a saving of Rs.37 crores over the period 2001-2005.

- A saving of Rs.8.5 crores has been achieved by swapping high interest loans taken from Power Finance Corporation (PFC).

- APSEB (APGENCO) has availed ADB loan for RTPP-I and Exchange Risk Administrative Fund was created to take care of exchange variation. Now APGENCO is settling the above loan with the risk fund created to the extent of Rs.143 crores. This will result in a saving of Rs.4.3 crores per annum during the tenure of the loan (up to 2011) with no foreign exchange risk in future.

- For RTPP Stage-II, which is funded by Suppliers' Credit of Machinery and Equipment Import and Export Corporation of China (CMEC) to the extent of 85%, CMEC wanted APGENCO to provide bank guarantee. As this would be quite expensive, negotiations were made with Power Finance Corporation for a Deferred Payment Guarantee (DPG). Against a cost of Rs.650 crores, the settled cost of the DPG would be only Rs.135 crores, which resulted in a saving of Rs.515 crores. PFC was also persuaded to waive their requirement of a Government of Andhra Pradesh guarantee as a part of securitisation requirement which has resulted is a saving of about Rs.35 crore additionally. This benefit materialises during the period of debt repayment of 10 years to CMEC.

- By changing the condition in the Engineering Procurement and Construction (EPC) Contract of RTPP Stage-II related to Rupee Loan, there is a substantial saving of about Rs.21 crores by way of interest during construction and Rs.64 crores during debt repayment period of 10 years.

Agenda Ahead

- Addition in Power Generating Capacity to be stepped up to achieve the targets stipulated in Vision 2020;

- Encourage private sector participation in generation and distribution.

- APGENCO to construct power plants with supercritical technology.

Vision and Mission

APGENCO's Vision	• To be the best power utility in the country and one of the best in the world.
APGENCO's Mission	• To generate adequate and reliable power most economically, efficiently and in an eco-friendly manner; • To spearhead accelerated power development by planning and implementing new power projects; • To implement Renovation and Modernisation of all existing units and to enhance their performance.

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