International Journal of Political Science and Public Administration

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Decentralization and Local Governance: An Indian Experience

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Abstract

Decentralization is considered to be the most sought after prescription for ushering in good governance. India embarked on the ambitious decentralization initiatives in 1990s with the passing of landmark 73rd and 74th Amendment Acts to reinforce local democracy by empowering local-self governing institutions at the urban and rural areas. Democratic decentralization enabled self-governing institutions to play a vital role in the provisions of public services, creation and maintenance of public goods, planning and implementation of developmental activities. This paper provides an insightful correlation between decentralization and good governance in the light of local governance experimentation in India. It explores the concept of democratic decentralization and local governance. It shows how the democratic decentralization has paved the way for local governance in India. It situates the 73rd and 74th Constitutional Amendment Acts in the context of local governance in India.

Keywords: Democratic decentralization, Good governance, 73rd Amendment Act, 74th Amendment Act, India

1. Introduction

The roots of decentralization can be traced back to Latin Word which means away from the center (Joney, 1970). It is also coughed as the most valued antidote of authoritarianism and bureaucratization. As a flexible and fluid discourse, it suits every ideological pursuit. Cheema and Rondineli (1983) defines decentralization as transfer of planning, decision- making or administrative authority from the central government to its field organizations, local administration units, semi-autonomous and para-state organizations, local governments or NGOs. Moreover decentralization is no static arrangement of sharing administrative or fiscal authority. In fact it is a continuum, from centralization to full autonomy (Menakshi, 1999). Decentralization is also seen as a process of transfer of responsibility, authority and functions from a superior governmental unit to a lower governmental unit (Singh, 1996). These functions may relate to planning, management and resource raising and allocation. The operational jurisdiction of the superior unit is obviously large. However the lower unit

may exercise some degree of autonomy from the superior unit. The Study Team on Community Projects and National Extension Service appointed by the Government of India defines decentralization as a process whereby the governments diverts itself completely of certain duties and responsibilities and devolves them on to some other authority (Government of India, 1957). In this sense, a decentralized local authority would have a separate legal existence on its own budget and the authority to allocate substantial resources on a range of different functions and decisions would be made by the representatives of the local people, who constitute the body (Aijaz, 2007). Rajni Kothari, an eminent Political Scientist of India, sees decentralization as an alternative system of governance based on a people centric approach to sorting out local-level problems. He further argues that the entire process would be for locating people at the centre of power so that they become the basic engine of the development process and not merely its beneficiaries (Rajni, 1988).

2. Significance of Decentralization

Participation and control of governance by the people of the country is the essence of democracy. Such participation is possible only when the powers of the state are decentralized to the districts, block and village levels where all the sections of the people can sit together to discuss their problems as well as monitor the implementation of the programmes. Decentralization is a prime mechanism through which democracy becomes truly representative and responsive. Thus it is called the crux of democratic decentralization (Sachdev, 1993). According to Cheema and Rondineli (1983) following are the advantages of decentralization:

a. Decentralization can be a means of overcoming the severe limitations of centrally controlled national planning by delegating greater authority for development, planning g and management. Through decentralization, tailor-made plans as per the needs of the heterogeneous regions and groups are possible.

b. It can cut through enormous amounts of red tape and highly structured procedures. By decentralizing functions and reassigning central officials to local levels, their knowledge of and sensitivity to local problems can be increased. It also ensures a closer interaction between government officials and local populations.

c. Decentralization could allow better political and administrative penetration of national government policies into the remote areas. Decentralization calls for greater representation of various political, social, ethnic and tribal groups in decision- making. It could increase the administrative capability of local institutions, government and private to take over some of the pertinent central government functions. It also relieves top management of its routine tasks.

d. Decentralization helps in institutionalizing the participation of citizens in development planning by creating alternative means of decision-making. It leads to a more flexible, innovative and creative administration that reduces the cost of planning g and increases the number of public goods. It also ensures political stability by increasing the participation of the local people in decision- making (Mishra, 1984).

3. Democratic Decentralisation and Local Governance in India

The journey to new local governance in India has had a chequered history. There is no denying that India has the oldest tradition of local governance as the Panchayats or Village Councils have existed since ancient times. They are mainly the informal bodies of village elders from dominant castes and families, assigned with various kinds of functions as provision of goods and services, maintenance of law and order, general welfare of villagers and so on. These bodies enjoy a substantial amount of autonomy in terms of organisation, functions and finance, bestowed upon them by village communities (Jangam and Sharma, 2006). Village communities had exercised virtually unmatched freedom of action in all spheres of governance. The uniqueness of this form of governance was that it was an absolutely spontaneous development and no external authority had ever devolved power and authority to these bodies. Decentralisation has gained popularity within the last two decades but it is not a new concept. The term attracted attention in the 1950s and 1960s when British and French colonial administrations prepared colonies for independence by developing responsibilities for certain programmes for which finance was granted to local authorities. In the 1980s decentralisation came to the forefront of the development agenda with emphasis on governance. Now both developing and developed countries are pursuing decentralisation policies. Decentralisation has

been defined as the transfer for planning management and resource raising and allocation from central government and its agencies to the lower levels of government.

Decentralisation is closely linked to the concept of subsidiarity which proposes that functions be devolved to the lowest level of political institution that is capable of completing them. Decentralisation is the restructuring of authority so that there is system of distribution of powers between the central, regional and local levels according to the principle of subsidiarity effectiveness of system of governance, which increases the authority and capability of sub-national levels.

4. Models of Decentralisation

There are three broad models of Decentralisation:

a. **Political Decentralization:** It refers to situation where political power and authority are transferred to sub-national levels of government. The most obvious manifestation of this type of decentralization is elected and empowered sub-national forms of government ranging from village councils to state level bodies. Devolution is considered as form of political decentralization. So political decentralization requires a constitutional, legal and regulatory framework to ensure accountability and transparency. It also necessitates the restructuring of institutions and developing linkage with civil society and the private sector. Simultaneously, political decentralization necessitates universal participation and political development.

b. **Administrative Decentralization:** It aims at transferring decision making authority, resources and responsibilities for the delivery of select number of public services from the central government to other levels of government, agencies, field offices of central government to grass-roots administration.

c. **Fiscal Decentralization:** It is directly linked to budgetary practices. Fiscal decentralization refers to the resource reallocation to sub-national levels of government for its management and development.

4.1. Decentralisation and Administrative Process in India

Decentralisation of administrative process are not new to India. These institutions have flourished in India since times immemorial, the Panchayats or village governments as they were called ancient institutions as small republics. According to Rig Veda, people in ancient times were used to solve their problems with collective view. In his book "Hindu Polity", K. P. Jayawal states that in ancient times the national life activities were performed with the will of public assemblies and organisations. During the Mauryan King was the head of the state administration folding Legislative, Executive and Judicial powers. As the head of state, the Mauryan ruler had appointed officials, who were directly dealt with the legal procedures of the court trial and the meeting out of punishment to offenders. Besides the ruler was regarded the organiser of all public works. But in practical, the construction of buildings and fortes, irrigation systems, duty to help the people in their efforts to fight natural calamity were carried out under the guidance of the king's court was known as the "Parishad" the officials who controlled the activities by local authorities. In addition, Kautiliyas Arthasastra indicates king's position in those days. Gupta rulers also created a system of administration on popular lines after the downfall of the Mauryan Empire. The civil administration was in charge of the mantra as before, but the supervision of foreign affairs was under the jurisdiction of a separate official. A municipal board was advising the district and province for the disposal of government lands.

4.2. Post-Independence Changes of Administrative Decentralisation

After independence the broad framework for Indian administration was laid down by the constitution of India for a democratic and welfare state. The various elements of change in Indian administration after independence are as:

i. Introduction of parliamentary system of government both at the centre and the states in which the executive hails from and remains responsible to the legislature.

ii. Introduction of a federal political system with divisions of power between the centre and the states. However, the central government is more powerful.

iii.   Upholding the supremacy of political executives over civil servants and subordination of civil servants to political executives.

iv.   Growth in the number of welfare and development departments at both the levels of policy.

v.   Creation of new civil services as well as public service commission at both the levels.

vi.   Change in the role of civil servants who are now made agents of change in the process of socio- economic developments.

vii.   Infusing development and welfare aspects in administration due to adoption of planning t all levels, national, state and district.

viii.   Emergence of Panchayati Raj to strengthen democracy at the grass- root level.

ix.   People's participation in administration at all levels through advisory committees, pressure groups and others (Jha and Mathur, 1999).

x.   The constitutional context of Indian administration are Fundamental Rights, DPSP, Fundamental Duties, Federal System, Centre-state Legislative relations, centre-state administrative relations, centre-state financial relations and parliamentary system.

The dawn of India's independence has witnessed momentous developments in the field of local governance in India. The changes that have occurred during the post-independence era not only affected the structural and functional aspects of local bodies in urban areas but also affected the rural bodies (Jain, 2001). In 1948, a conference on local government at New Delhi was held under the Chairmanship of the central minister of Health to discuss and deliberate on various problems facing local authorities. The conference was inaugurated by Jawaharlal Nehru. He reiterated that local-self government is and must be the basis of any true system of democracy. We have got rather into the habit of thinking of democracy at the top and not so much below. Democracy at the top may be a success unless you build on this foundation from below" (Arshi, 2000).

The laudable landmark in the history of local-self government in India was 1950 when the constitution came into operation. The constitution has made local government as a state subject. Article 40 directs the states to establish village Panchayats. The constitution has allotted local governments in the state list and it affirms in the Directive Principles of State Policy that "the state shall take steps to organise village Panchayats to endow them to function as units of self-government". Besides, the Balwantrai Mehta Committee, a study team for community development and national extension service has recommended a three tier system of local government for rural areas viz. Zillah Parishad at the district level, Panchayat Samiti at the Block level and Village Panchayats at the bottom grassroots level (Jacquet and Pachuri, 2010). However these recommendations of Balwantrai Mehta Committee were accepted by the Government in 1958. Government of India mandated the states for formulating necessary legislation to establish Panchayati Raj institutions in rural areas. Rajasthan is the first state which adopted Panchayati Raj on 2nd October 1959 to synchronise the birth anniversary of Mahatma Gandhi. Andhra Pradesh followed Rajasthan by adopting it on Ist November 1959. By 1959 all the states passed Panchayat Act as a form of democratic decentralising all parts of the country.

The appointment of the Ashok Mehta Committee in 1977 marked a turning point in the concept and practice of Panchayati Raj in India. The second phase of democratic decentralisation has started in India when the West Bengal government has taken the initiative in 1978 to give a new life to its Panchayats along the lines of the Ashok Mehta Committee recommendations. Subsequently, the states of Karnataka, Andhra Pradesh and Jammu and Kashmir either revised their existing Panchyati Raj Acts or passed new ones, accepting Ashok Mehta Committee report. They have been adapted the recommendations to suit their conditions and learnt from each other's experience in bringing forth new amendments in future. Several other committees like Santhananam Committee and L. M. Singvi Committees have also suggested modifications for local governance which evolved into the 73rd and 74th constitutional amendments.

In the last phase, the important features of development of democratic decentralisation were:

i.   Substantial devolution of powers and resources to the local bodies;

ii.   Direct participation of political parties in democratic process;

iii. Emergence of rural leadership, and

iv. Establish political equality at the grassroots level.

On the recommendations of Balwantrai Mehta Committee report, the administrative decentralisation system have been divided into three stages, as:

a. Federal structure,

b. State structure, and

c. Local structure.

5. Federal Structure in India: Decentralised Institutions and Centralised Administration Control

On January 22, 1947, the Constituent Assembly declared in the objective resolution India as an independent, sovereign and republic state and the states shall have residuary powers and functions of the government except powers and functions vested in the union. However, the federal framework created by the Constituent Assembly provided for a strong centre. For centralisation the following factors were responsible:

i.   National security and integrity.

ii. India's partition.

iii. Problem of integration of princely states.

iv. Need for planned economic development for removing backwardness.

v.   Competence of the union government to coordinate the activities of the states in various governmental functions.

vi. Role of the leadership in the Constituent Assembly.

vii. The framers of the Constitution accepted the Government of India Act 1935 as a model to be followed.

Panchayati Raj institutions, the grass- root units of self- government, have been proclaimed as the vehicle of socio-economic transformation in rural India. Effective and meaningful functioning of these bodies would depend on active involvement, contribution and participation of its citizens. The aim of every village being a republic and Panchayats having having powers have been translated into relating with the three tier Panchayati Raj system of peoples participate ion in rural reconstruction. Under the three-tier system of democratic decentralisation, Zillah Parishad is the apex body at the district level followed by Panchayat Samiti at block level as second tier and Gram Panchayats, the third tier.

After the passing of the Constitution 73rd Amendment Act, Panchayati Raj constitutes to have a three-tier structure, the Gram Sabah and Gram Panchayat at the village level, Panchayati Samiti at the intermediate level (Block level) and the Zillah Parishad at the District level.

Structure of Panchayati Raj

| Gram Sabha | Gram Panchayat | Panchayati Samiti | Zillah Parishad |
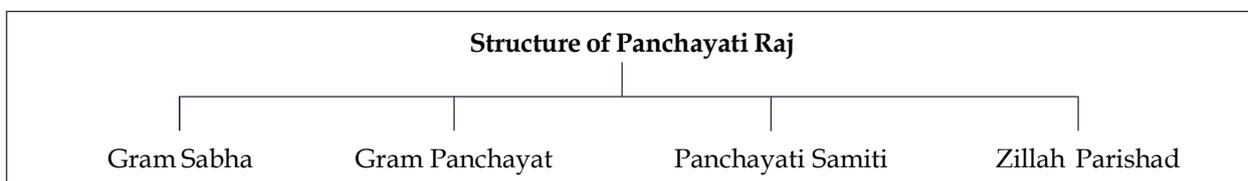
Figure 1: Structure of Panchyati Raj in India

The Gram Sabha constitutes the lowest tier in the Panchayati Raj. Each village with a population of 200 or more has a Gram Sabha. For a cluster of every small villages a common Gram Sabha is created. It consists of all the eligible voters living in the area of a Gram Panchayat which extends over a village or a group of villages. The Gram Sabha is now recognized as a statutory body in all states. The main work allotted to the Gram Sabha are the consideration of the annual statement of accounts auditing report of the Gram Panchayat, the administrative report of the preceding year, the programme of work for the ensuing year, the taxation proposals and any other specific development nature involving community service.

The Gram Sabha elects the members of Panchayat and the Chairperson of Panchayat. It is real grass-root level institution. The states have now tried to ensure continuance of operation of all the Gram Sabhas in their respective areas.

5.1. Gram Panchayat

The Gram Panchayat is the executive organ of the Gram Sabha. It is the most important unit of rural local government. It is directly elected by all the voters living within the area of the Panchayat. There are approximately 225000 Gram Panchayats in India.

5.2. Panchayati Samiti

Panchayat Samiti is the intermediate tier in the Panchayati raj system in India. However in different states, the Panchayat Samati have been given different names, in Madhya Pradesh these are called Janapada Panchayata, in Assam the Anchalik Panchayats, in Tamil Nadu Panchayat Union Council and in Uttar Pradesh Kshetra Samiti.

5.3. Zillah Parishad

Zillah Parishad is the top-most tier of the Panchayati Raj system. It operates at the district level and looks after the rural areas of the district. It is the most commonly used name for this top tier of the Panchayati Raj. In Assam it is known as Mohakum Parishad, in Tamil Nadu and in Karnataka it is known as the District Development Council and in Gujarat the District Panchayat.

5.4. 73rd and 74th Constitutional Amendment Acts

There are some radical provisions in the 73rd Amendment Acts that seek to address some of the problems encountered by Panchayati Raj institutions in previous years like granting Panchayati Raj institutions a constitutional status, empowering socially and economically disadvantaged groups, keeping terms fixed, ensuring free, fair and regular elections, identifying a list of items which would fall under the jurisdiction of Panchayati Raj institutions and addressing the issue Panchayati Raj institution finances (Desouza, 2002). The act has provided for a significant degree of fiscal, administrative and political decentralisation from the state to local bodies.

The objectives of the 74th Constitution Amendment Act include decentralisation of power and ensuring popular participation in planning management and delivery of civil services. It introduces some fundamental changes in the system of Municipal governance, duration elected Municipal governments, participation of women and weaker sections in urban affairs and enabling framework for efficiency delivery of public services were regarded as appropriate subjects covered by constitution provisions (Nagaraja Rao and Sai Prasad 2007). Accordingly, 74th Constitutional Amendment Act provided for three categories of urban local bodies:

i.   Transitional Urban areas will have town councils.

ii. Smaller urban areas would have Municipal Councils (Nagar Panchayats), and

iii. Large urban areas would be covered by Municipal corporations.

The state governments would decide the criteria for different types of Municipal institutions. In addition, it would be open to constitute industrial townships outside these three categories which need to be elected bodies. The position of the cantonments is left unaffected by the 74th Amendment:

• Regular and fair conduct of Municipal elections by statutory constituted State Election Commission.

• Limiting the state power to do away with democratically elected Municipal government.

• Adequate representation to weaker sections and women in Municipal bodies through reservation of seats.

• Constitution of ward committees in Municipalities with a population of three lakhs or more, with no bar on such communities in cities having lesser population to ensure popular participation in civil affairs at the grass-root level.

- Specification by law, through the state legislature of the powers and functional responsibilities to be entrusted to Municipalities and ward committees.

- Placing relationship of state governments and urban local bodies on firm footing with respect to local taxation, powers and revenue sharing between states and local authorities through statutory state Finance Commissions to be set up every five years.

The 74th Amendment Act added Part IX-A to the constitution of India. It is entitled as "The Municipality" and consists of provisions from Article 243-P to 245-ZG. In addition the Act has also added twelfth schedule to the constitution (Lankina, 2006). It contains 18 functional items of Municipalities and deals with Article 243-W, the act gave constitutional status to the Municipalities. It has brought them under the purview of justiciable part of the constitution (Menakshi, 2003). In other words, state government are under constitutional obligations to adopt the new system of Municipalities in accordance with the provisions of the Act.

The Act aims at revitalising and strengthening the urban government so that they function effectively as units of local government. The changing features of the act are:

- Constitution of three types of Municipalities, NAC, Municipal Councils and Municipal Corporation for larger urban areas.

- Fixed five years term.

- Appointment of an election commissioner in each state for conducting local elections.

- Constitution of metropolitan and district planning committees in each state.

- Provisions for reservation of seats for SCs and STs and Women.

- Appointment of a Finance Commission for local government.

- Governor's decision on the question of disqualification of members of local bodies would take the decision after obtaining the opinion of the Election Commission.

- Barring the jurisdiction of the courts in the matters relating to elections.

After the passing of the 74th Amendment Act, all the states and union were to enact/amend their respective Municipal Acts in the guidelines with this act. However this was accomplished in 1994. The Urban local government institutions in all states were organised in these new forms with effect from 1994 (Aziz and Arnold, 1999).

6. Conclusion

In the foregoing discussion, an attempt has been made to situate the wave of decentralization that has swept the nation since independence. Decentralisation has been identified as one of the important prerequisites of good governance. With the onset of globalisation, the notion of decentralisation has become the surrogate of the market. The 73rd and 74th Amendment Acts have been appreciated for bringing about a kind of tectonic shifts at the subterranean level of Indian democratic decentralised system. These acts have transformed the very complexion of local governance from a subjugated status to that of a self-reliant one. These amendments have accorded constitutional recognition to rural and urban local bodies. The new process has democratised the local self-governments at rural and urban areas and brought substantive democracy at the grassroots level.

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