

Decentralization and Development: The Missing Link

Keneilhounuo Usou¹, Dr Tiatula Ozukum²

¹Research Scholar, Department of Sociology, St Joseph University, Nagaland, India, 797115

²Associate Professor, Department of Sociology, St Joseph University, Nagaland, India, 797115

ABSTRACT

Decentralization is a basic form of democratic government that transfer power, resources and empowers the local people as the decision makers for the local governing system. Since the inception in the Indian Constitution, decentralization was predicated to strengthen local political organizations, increase their democratic nature, and establish institutions that would cater to the interests and needs of the people. It envisages increasing local government institutions' accountability and performance which would enhance development and transparency of governance at the grass root level. There are various theoretical benefits associated with decentralization, and already three decades have passed since the introduction of the 73rd and 74th Amendment Act in 1992. However, in many instances, realizing these idealistic decentralization goals has proven to be extremely difficult. The study therefore seeks to examine if decentralization is improving service delivery at the local level as envisioned. Although, efforts were made to facilitate effective and accountable local governance, various factors have hindered decentralization to fully achieve its objectives. The study attempts to identify the 'missing link' which has hampered the efficacy of decentralized government in India.

Keywords: Decentralization, Development, Governance, Authority, Decision making, Democracy, Grassroots, Power

INTRODUCTION

Decentralization, which transfers authority and funds from the federal to local government, is intricately linked with development. An effective decentralized government can enhance good governance, empower local community and bring economic, political, social and infrastructural development at all levels of government. Decentralization is the transfer of authority, resources and responsibility to the subordinate government from its superior government (Ozmen, 2014), i.e. from the central to the local government.¹ (Braun & Grote, 2000). It enhances provision of public service delivery and promotes participatory planning (OECD, 2019). To facilitate greater participation of citizens in governance, the government initiated devolution of functions and resources from to the elected representatives at the lower levels. Through this process, the local government now has more control and accountability for planning, making decisions, collecting revenues, besides performance of other duties.

Many scholars defined decentralization as the transfer of authority, responsibility and resources from the central to the state or from centre to the periphery; however, decentralization also attempts to establish

¹ (Braun & Grote, 2000) <https://www.imf.org/external/pubs/ft/seminar/2000/fiscal/vonbraun.pdf>

accountable, administrative relations between the different levels of governments and among citizens, service providers and sub-national governments (Ozmen, 2014).

Governance:

“Governance is identified as a process or activity to achieve what is good for the society in totality. It is the management of collective goods which involves governing institutions and grassroot institutions with paragon decisions, policies and actions which aim at the welfare of all the people” (Govt of Nagaland, 2016, p. 36)

The World Bank (1993) defines governance as the process of exercising power to manage the nation’s political, economic and social resources for the purpose of development (WorldBank, 1993)

The United Nations Development Programme (UNDP, 1997) defined governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences” (Qudrat-I Elahi, 2009) (ICPS).

Yap Kioe Sheng in his work “What is Good Governance?” (United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) characterized ‘good governance’ as an accountable, efficient and consensus oriented government which responds to the need of the society (Sheng, 2009). Good governance requires transparency and accountability of governing organizations, participation of people, and fair legal frameworks that abides in accordance to the rule of law.

“Governance involves the interface of existing cultural values, social norms, traditions and how it corresponds with formally defined institutions” (Govt of Nagaland, 2016, p. 37)

Governance also aims to improve the interaction and relation between the government and the grassroots institutions so that it can promote people’s participation in decision making and in managing the institutions at the local community² (United Nations General Assembly).

Development:

The term ‘development’ implies various meanings and can be explained in different contexts. Though development in its simplest way means ‘growth’ or ‘progress’; it may refer to economic or financial growth, political development, social progress or individual personality development. Development can be measured quantitatively or qualitatively (Pearson, 1992). Development in the third world countries may refer to the “imitative process in which the less developed countries gradually assumed the qualities of the industrial nations, by increasing gross levels of savings and investments (both internal and external, private and state) until the economy reached a take off point in self sustaining development” (Abuiyada, 2018, p. 116). In the context of grassroots development, we can view the concept as ‘empowerment’ or something influential that can improve the livelihood of the rural people. Empowerment enables the local people to partake in the decision-making and help to optimize and utilize the resources efficiently at the local level (Abuiyada, 2018, p. 117)

Development brings change and progress in the society, it helps in eradicating poverty, promotes human rights, alleviate the standard of living, promote infrastructural facilities, provide educational and employment opportunities and many more.

² https://www.ohchr.org/en/HRBodies/HRC/RegularSessions/Session30/Documents/A_HRC_30_49_ENG.docx

Is Decentralization Vital for Development?

Decentralization came into existence because the operation of a single centralized organizational structure seems difficult to achieve overall development of the organization in its full capacity. Over centralization, especially in a big organization creates decision making and polity execution inefficient as it requires a long chain of command or authorization to reach the lower level from the central power. In order to counteract the untoward impacts of over-centralization and to improve the efficacy, efficiency and transparency of polity execution, decentralization is regarded as a crucial step. In a country as large as India, the leaders deemed the bottom-up system as vital for overall growth and development of the nation.

Efficient and quick decision making:

As decentralization delegate authority, responsibility and resources from the higher level to the subordinate groups, the personnel at the lower levels are empowered to take faster and better decisions to manage their own local institutions. As a member of the group, community or organization, the local people understand the situation of the society and know the needs and demands of the community more than an outsider who may perceive the group differently. Decentralization empowers the government officials at the local level to take right action quickly in response to opportunities and threats (Marks, 2023). It enables the workers to take strategic and operational decisions on their own and deliver the services according to the needs of the society. Decentralization empowers the local people to become the decision makers for the local community.

Under centralization, there is long chain of command and delayed decision making as commands and power flows from the top to the bottom passing through all levels of management. Decentralization aims to facilitate quicker decision making in the managerial hierarchy by empowering the local government to take decisions for its governing institutions.

Reduce Autonomy of Central Authority:

In a centralized government, both executive and legislative power is concentrated centrally at the higher level rather than being widely distributed at different levels of government (wikipedia).

Decentralization on the other hand disperses authority for decision making at all levels of government within the nation. There is wide spread of authority which is distributed among the central, state and local government. In India, with the introduction of the 73rd and 74th Amendment Act of 1992, local government- particularly the municipal government and panchayats were empowered for public administration at the local level. These Acts enjoins upon the State to form three-tier government that can autonomously execute several functions for effective administration. This has restricted the central government to have direct control over several affairs of the local government. Thus, by disseminating authority and decision making power to the lower levels, the autonomy of central power has been limited.

Shared Responsibility:

As decentralization delegate power and resources between different levels of government, there is shared responsibility of governance³. “Rather than a clear-cut separation of responsibilities, most responsibilities are shared among levels of government...” (OECD, 2019). With allocation of power, there is also responsibility to administer and manage the affairs of the state. The burden of the central government have

³ Wikipedia <https://en.wikipedia.org/wiki/Decentralization> Accessed on 18th June 2024

been distributed and reduced. There is responsibility for effective execution of policies, collection of revenue, infrastructural development, education, health, public order, reduction of poverty, etc. The central, state and local governments work together in the provision of public services. All the levels of the government partake in the shared responsibility to achieve growth and development of the State.

Bridge Gap of Relation

Decentralization brings all the forms of government under strategic interactions to achieve its objectives. Decentralization links and connects all levels of government as the transfer of power and responsibilities flow from the centre to the state government to the elected authorities at the local level⁴. Although the regional and local government may enjoy certain autonomy with regard to decision making and implementation of policies, they function under the parameters set by the central government. They are continuously monitored by the central government and there is continuous interaction, cooperation, mutual information and consultation among the central, regional and local government (Lopez, 2007).

Participatory government:

Decentralization which is an important component of a democratic government encourages the local government to participate in decision making process by empowering them with power and responsibilities. (Usou, 2022). It puts authority in the hands of the people in order to enable the citizens to directly participate in the decision making process. As the local institutions are aware of the people's needs and preferences, authority is delegated to them to initiate policies and laws that could help the public to respond to their needs and gain access to the resources allocated to them. This boosted the confidence of the public on the government and established trust and cooperation with the people.

Transparency and Accountability

Transparency and accountability are two important aspects of decentralization. Decentralisation promotes transparent governance where the decision and enforcement of policies will be undertaken in accordance with the rule of law (Sheng, 2009). It aims to establish a government free of corruption where the people can also freely access any data with regard to finance, implementation of policies, subsidies etc. Accountability is considered as a cornerstone of good public governance (NITI Aayog, 2022). It aims to achieve "free flow of information, control of corruption, citizen participation and equity..." (Oberoi, 2013) (Thematic Report Accountability and Transparency in Governance, 2022). A transparent and accountable government can gain the trust and cooperation of the public. It also protects individual's rights and facilitates the involvement of public in governance (NITI Aayog, 2022).

Improve Delivery of Public Services

Decentralization is said to promote development at local level. The local government tries to design and implement programmes that can bring positive change and development in the area. In Nagaland, with the implementation of the Act of Communitization, various public sectors like elementary education, health care, power supply, water and sanitation etc came under the management of the village. The local community is made as the co-owners of the public property and many villages have effectively and efficiently undertaken the responsibility to deliver improved public services to the people. Ever since

⁴ <https://www.drishitias.com/daily-updates/daily-news-analysis/democratic-decentralisation-in-india-1> Accessed on 23rd June 2024

communitization has delegated authority and responsibility to the local people to regulate, manage and administer the public institutions at the local level, there is better educational facilities, increase in enrolment of students, regular power supply at lower rate, easy access to health facilities, provision for water supply and so on. (Usou, 2022, pp. 310-315).

Decentralization and Development: The Missing Link

Decentralization facilitates public participation in governance and strengthens the legitimacy of government by maintaining transparency and accountability. It also ensures proper delivery of public services at the local level. However, in spite of all the good objectives it envisioned, we see that decentralization is incapable to provide quality service delivery, especially in developing countries (Dick-Sagoe, 2020). This is true in the context of Indian governing system as well. Leaders of the nation adopted the method of decentralization as a system of good governance and targeted to help the local community solve local problems with local solutions. Unfortunately, in many cases, the local governments at the grassroots level fail to identify the problem or ignore the existing issue in their governance. Several local government officials become inefficient and perform their duties just for the sake of it.

Transparency, which is an important feature of decentralization, is necessary for effective governance. However many local government fail to maintain the essence of transparent governance. There is manipulation and alteration of report and social and financial auditing lose its credibility leaving the members of the community skeptical about the affairs of the state. (Sheng, 2009) As accountability and transparency are responsible for good governance, the state must provide accurate and relevant information about governance in an open manner. Transparency is also essential for curbing corruption in public life (Parigi, 2004).

Dr George Mathew in his work “Grass Root Democracy and Decentralization” wrote “Decentralization means the local bodies must have the power to spend money, the power to collect money, and they must have the discretion in spending the resources, and they must have the power to hire and fire and control the staff. And the staff must be under the local governments, and finally, the direct accountability of these local bodies to the people whom they are representing” (Mathew, 2013). Although decentralization transfer and distribute power and resources between the levels of government, the local government is not independent nor does it have complete autonomy to use the resources. There is always a superior to manage, monitor and supervise their activities. Policies and programmes are implemented under the directives of the central and state government, who in actual sense does not know the reality or needs of the people. Thus, the programmes and policies sometimes fail to empower and promote the welfare of the public.

Misuse of public funds is also another factor that has hampered progress and development in the community. Although sufficient funds are allotted for developmental activities in the village, sometimes the funds are diverted for another work or mismanaged and misused for personal gains. Owing to that, there is lack of accountability of governing institutions, giving rise to mistrust and uncertainty towards the government. In some cases, as resources and authority passes through several levels of management, when the funds reach the local people, the amount gets too insignificant to achieve the targeted objectives.

Equality of all is a national goal and it is a crucial step to achieve progress and development in the society. As decentralization aims to promote democratic ideal, provision for women participation has been provided by reserving seats for women in the local governing institutions. However, in a patriarchal society, in most panchayats and village committees, women become a nominal member and could not

exercise the authority granted to her. Either she does not voice out her ideas and opinions or her voice become unheard in the midst of her male counterparts. This partial treatment of people has hindered women to move forward and this act as an obstruction to achieve overall development of the people. Though decentralization encouraged national goals and aspirations, to achieve it, the issue with inclusivity, accountability and effectiveness must be addressed during its implementation.

UNDP (2001) stated that “local bodies need to be seen as institutions of self-governance not as ‘delivery mechanisms’.” (UNDP, 2001). We regard the local government as a self governing institution, however, in reality it is only a ‘delivery mechanism’. It performs its functions and duties within the parameter of the central government and autonomy over power and resources to manage the public institutions may be considered a deceptive concept. The real architect of the government in the local government is the superior government or central and state government. Therefore, there must be a convergence between the higher and lower governments, and good connection and relation must be established to bridge the gap between the different levels of government.

Conclusion

Good governance is associated with decentralization and when the process of decentralization is effectively carried out, economic growth, social development and community participation in the governing system can happen. While decentralization as a governing system has the potential to contribute towards social, political and economic development at all levels of government, very often it is unable to reach its desired objectives. The transparent and accountable governance which decentralization so strongly advocates should be institutionalized in its true form. The decentralization model should be revised to include a focus on enabling local community to demand accountability and transparency from representatives of the local government. Local government should also have the ability to generate their own revenue and at the same time utilize those resources for the development of the area. Besides policy implementation and decision making, the local government should pay heed to promote social welfare, eradicate poverty, provide employment opportunity, increase per capita income etc which can bring over all development of the local area as well as the nation. As the local community is aware of the needs and preferences of the community, the public should be involved in the design and execution of local government development programmes.

References:

1. Abuiyada R., "Development Theories have failed to Address the Needs of the majority of People at Grassroots Levels with Referenceto GAD", International Journal of Business and Social Science, September 2018, 9 (9), 116-118.
2. Braun J. v. , Grote, U., "Does Decentralization Serve the Poor?", November 2000, Retrieved June 23, 2024, from <https://www.imf.org/external/pubs/ft/seminar/2000/fiscal/vonbraun.pdf>
3. Dick-Sagoe C, "Decentralization for improving the provison of public services in developing countries: A critical review", Cogent econoomics and Finance, August 2020, 8, 1-13.
4. Govt of Nagaland,., "Nagaland State Human Development Report. Kohima: Department of Planning and Coordination" 2016.
5. ICPS (n.d.), "Governance", Retrieved June 12, 2024, from International Centre for Parliamentary Studies: <https://www.parlicentre.org/>
6. Lopez A. N., "The realtionship between central and local authorities", 2007, Spain.

7. Marks L., "Everything You Need to Know About Decentralized Organizations" November 28, 2023. Retrieved June 23, 2024, from [runn.io](https://www.runn.io/blog/decentralized-organizations): <https://www.runn.io/blog/decentralized-organizations>
8. Mathew G., "Grass Roots Democracy and Decentralization", Centre for Bhutan Studies, 2013.
9. NITI Aayog., "Thematic Report Accountability and Transparency in Governance", 2022, New Delhi.
10. Oberoi. (2013).
11. OECD. (2019). *Making Decentralisation Work: A Handbook for Policy-Makers, OECD Multi-level Governance Studies*. Paris: OECD Publishing.
12. Ozmen, A. (2014). Notes on the concept of Decentralization. *European Scientific Journal* , 10 (10), 415-424.
13. Parigi, V. e. (2004). *Ushering in Transparency for Good Governance*. Hyderabad.
14. Qudrat-I Elahi, K. (2009). UNDP on good governance. *International Journal of Social Economics* , 36 (12), 1167-1180.
15. Sheng, Y. K. (2009). *What is Good Governance?* Bangkok, Thailand: United Nations Economic and Social Commission for Asia and the Pacific.
16. UNDP. (2001). *Decentralization in India Challenges & Opportunities Conference: United Nations Development Programme - Discussion paper Series -I*. New Delhi.
17. UNDP. (1997). *Governance for sustainable human development*. Retrieved from <https://www.emerald.com/insight/content/doi/10.1108/03068290910996981/full/html>
18. United Nations General Assembly. *Role of local government in the promotion and protection of human rights - Final report of the Human Rights Council Advisory Committee*.
19. Usou, K. (2022). Communitisation as a vehicle of decentralisation: A study of local governance in Nagaland. *Sustainable Environment, Manifestation and Augmentation* (pp. 310-315). Chennai, Tamil Nadu India: Jupiters Publications Consortium.
20. wikipedia. (n.d.). *wikipedia*. Retrieved June 12, 2024, from https://en.m.wikipedia.org/wiki/Centralized_government
21. WorldBank. (1993). Retrieved June 15, 2024, from <https://documents1.worldbank.org/curated/en/604951468739447676/pdf/multi-page.pdf>