UNIT 2 PARTICIPATORY AND DECENTRALIZED GOVERNANCE

Structure

2.1 INTRODUCTION

In the first unit, *Governance: An Overview,* you read about governance in general, and about good governance in particular, which plays a pivotal role in development. The idea of participatory governance has gained enormous popularity in recent times. The right to participate in development process creates a sense of ownership of masses, therefore, it has high intrinsic values. It is well said, that, the right to development is not simply as a right to enjoy the fruits of development, but is a right to participate in the process of realizing development. However, for the effective implementation of various development programmes, and effective people's participation, the process of decentralized governance emphasized. The deconcentration, as well as decentralization of power and authority, from the centre to the periphery has made development programmes more people centered. In this unit, you will come to know, through detailed discussion, participatory governance, as well as the pros and cons of decentralized governance.

After reading this unit you will be able to:

- explain the concept of participation, participatory governance and its role in the development process;

- discuss the role of two major agencies towards participatory governance besides the state i.e., the corporate sector and non government agencies;

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- analyze the methods of participatory rural appraisal (PRA), rapid rural appraisal (RRA) to evaluate the extent of development and planning for further intervention;

- distinguish between centralized and decentralized governance; and

- analyze the issues in decentralized governance.

2.2 GOVERNANCE: ITS MEANING AND IMPORTANCE

The state is a complex system of multiple legal orders and interdependent relationships. In recent years, the structure of this complex system has seen a major shift. The focus has shifted from government to governance. Governance refers to what a government does. Kaufmann, Kraay and Zoido-Lobaton (1999) define governance as, "The traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them". From development and welfare concerns, there is a rapid switchover to concerns for, what is termed, good governance. It is critical, at this stage, to understand the meaning of good governance. The World Bank emphasized three significant dimensions of governance

1) Political regime character

2) The organizational process by which authority and control are exercised

3) The institutional capacity to plan and implement policies, and carry out functions. (World Bank, 1991)

Governance, in other words, is a dynamic concept, and encompasses fast changing political, social, and economic milieu, along with international environment and conditions of operational governance. Therefore, the experts suggest periodical rethinking on, and even, remodelling of the concept and institutions of governance. The analysts world over have weighed the advantages and disadvantages of various forms of governance. The basic point of analysis is the comparative efficiency of two types of governance. The first is centralized governance, using the central governments' field offices, and, the other is decentralized governance based on the transfer of power to the state and local levels of government. The proponents of each form of governance insist on the superiority of the form they prefer. The issues that are analyzed in this discourse are

- optimal use of resources

- high productivity levels

- achieving synergies and cooperation

- conflict over human and budgetary resources

- responsiveness to the societal needs and aspirations.

The effectiveness of the two types of governance is contextual, and has a symbiotic relationship with the polity, economy, and society. Both have their advantages and disadvantages.

2.3 PARTICIPATORY GOVERNANCE AND ITS FEATURES

The definition of governance according to the United Nations Development Programmes (UNDP) is: "… the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their legal obligations and mediate their differences". Participation is taken as the pillar of good governance. Public participation is regarded as a vital part of the democratic process. Public participation seeks the involvement of those who are targeted as beneficiaries. Those are affected by decision needs to participate in the decision making process. This implies that public contribution will influence the decision. The participatory processes viewed as the facilitator and inclusiveness, the desire to participation of the whole community or society. Public participation is a part of people-centred or human-centric principles which have emerged over the last thirty years. In this respect, public participation challenges logic of centralized hierarchy and paradigm shift. It advances the alternative idea, that collective decision making is better than one, further argues that public participation can sustain productive and durable change. Article 25 of the international covenant on civil and political rights envisaged that, "every citizen shall have the rights and the opportunity ….. to take part in the conduct of public affairs, directly or through freely chosen representatives…"

In some countries, public participation is the central principle of making public policy. Public participation is viewed as a tool that is intended to the informed planning, organizing, and funding of activities. Public participation may use measure attainable objectives, evaluate impact, and identify lessons for future practices. Public participation in administrative rulemaking refers to the process by which proposed rules are subject to public comment for a specified period of time.

Features of Participatory Governance

Some features of participatory governance are

Participatory Budgeting: Participatory budgeting is a process of democratic deliberation and decision making, in which ordinary residents of a village or city decide how to allocate part of a panchayat or municipal or public budget. Participatory budgeting is usually characterized by several basic design features, such as: identification of spending priorities by community members, election of budget delegates to represent different communities, facilitation and technical assistance by public employees, local and higher level assemblies to deliberate and vote on spending priorities, and the implementation of local direct-impact community projects. Participatory budgeting may be used by the local self governments around the world, and has been widely publicized. In India, the panchayat in some states utilizes its common property resources and generates funds which are added to the total budget of the panchayats. Besides this, people also collect money to manage their common resources such as water works, and street lights. For example, in Punjab many village panchayats generate fund by utilizing the village *samlat* (common) land and use the fund for developmental purposes such as construction of water works, provision of street

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light, toilet facilties in schools, etc. Similarly, in Karnataka, many village panchayats collect fund from the households to manage village water works, street lights, etc.

Public Trust: In recent years, loss of public trust in authorities and politicians has become a widespread concern in many democratic societies. Public participation is regarded as one of the potential solutions to the crisis in public trust and governance. The idea is that the public should be involved in the policy process, and to have state officials seek public views and participation, rather than treating the public as simply passive recipients of policy decisions.

The underlying assumption by political theorists, social commentators, and even politicians is that public participation increases public trust in authorities, improving citizen political efficacy, enhancing democratic ideals, and even improving the quality of policy decisions. However, the assumed benefits of public participation are yet to be confirmed.

Transparency and Accountability: Transparency and accountability are critical for the efficient functioning of a modern economy, and to achieving faster growth and development. These are two important pillar of democratic governance. Transparency ensures that information is made available that can be used to measure the authority's performance and to guard against the misuse of power. Transparency enables democracies to achieve accountability.

Participatory Development: In economic development theory, the school of participatory development draws the attention of all today. The desire to increase public participation in humanitarian aid and development has led to the establishment of a numerous context-specific, formal methodologies, matrices, pedagogies, and *ad hoc* approaches. These include conscientization and praxis-project programme appraisal (PPA), rapid rural appraisal (RRA) and participatory rural appraisal (PRA); 'open space' approaches; goal-oriented project planning also called 'Zielorientierte Projektplanung' (ZOPP). The World Development Report (1994) on infrastructure reported that in a study of 121 completed rural water supply projects, financed by various agencies, projects with a high degree of local participation in project selection and design were more likely to enjoy good maintenance, subsequently, than those with more centralized decision-making.

Environment and Sustainable Development: In recent years, public participation has come to be seen as a vital part of addressing environmental problems and bringing about environment and sustainable development, In this context, relying solely on a method where technocrats, or, bureaucrats monopolize decision making is no longer seen as effective, and it is argued that public participation allows governments to adopt policies and enact laws that are relevant to communities and take into account their real needs. Sustainable development is more effective with participation in governance.

2.4 GLOBALIZATION AND PARTICIPATORY GOVERNANCE

With globalization, the scenario of governance has changed completely. There are many players in the system of administration which is termed governance. The government and market are now players on equal plane. New actors have

entered the system. Two of these actors are: the multinational companies (MNCs) and the non government organizations (NGOs). The state is no longer a coercive power while negotiating with MNCs. The state is now, one among others, although a significant one. The government and MNCs both remain engaged with each other and prepare a ground on which they have to work together. This will also help the host country to keep a check on an MNC. That gives a bigger role to be played by the government of a host country. Globalization has changed the scenario. Both actors have to work together on equal plane according to a prepared code of conduct and rules of the game, which regulate the behaviour of both actors. MNCs play an important role in working with various actors, such as NGOs and the market.

MNCs, in their role as investor, innovator, experts, manufacturers, lobbyists, and employers, are critical players in developing the architecture of global governance. They are increasingly prominent in negotiating formal intergovernmental regimes, such as the Kyoto Protocol, and the scientific advisory panels of these regimes. MNCs, working as the actors in the decision making process that determine the quality of products, decide about the standards and codes of conduct that govern not just products, but environmental practices and labour conditions too. MNCs negotiate with a government about the entry into their country to establish their units, but, at the same time, they negotiate with NGOs about the quality of environment which is going to be affected by their industrial enterprise. They want to know the market conditions of a country whether there is any restriction imposed on the market from the government or even through NGOs. MNCs need to know what environmental problems their unit is going to create. If it emits higher than acceptable level of carbon dioxide which is the source of global warming then they have to talk to the government and NGOs about the sustainable technology which can reduce the emission of carbon. The government, MNCs, and NGOs all have to agree to regulations that are to be followed by all so that acceptable labour standards and environmental standards are in place. For instance, if an MNC uses child labour in their factory, an unacceptable practice, then NGOs and government watchdog bodies have the right to bring the matter to the attention to courts and other bodies. The government, MNCs and NGOs all of them need to agree to have a regulatory authority where they can be subject to code of conduct approved by them to regulate their activities in relation to labour employment. MNCs and NGOs often make common ground for discussions and settle disputed matters amongst themselves, according to the ground rules that have been adhered to, previously. Peter Newell (2001) remarked "There has been a notable shift in the relationship between business and NGO around regulatory issues. From a position of clearly defined antagonism, there is increasing emphasis on partnerships and institutionalized forms of collaboration".

Governance is a mechanism for these non state actors to participate in the decision making process. Though, NGOs are not as powerful as MNCs in terms of finance, yet as a network, NGOs, are a significant force to reckon with. NGOs are able to pressurize MNCs and business, in general, for coming to agreement over issues related to environment and climate. Today, a large number of NGOs around the world have received recognition by international funding agencies. For example, participation by NGOs has brought the issue of carbon emission to an international forum which resulted in the Kyoto agreement in which business has to be selective about technology which creates less carbon

emission. They have to follow international standards to ensure the quality of their products. This quality is measured in terms of the impact on the environment. Thus NGOs are getting importance in global governance. Moreover, because of the active role of civil society and business, the political regime is a critical factor in governance, as the state is no longer the only important actor. To regulate diverse interest groups, the state cannot use administration. In the place of state and bureaucracy, which, earlier, took decisions on behalf of the state, a regulatory authority has been established. The regulatory authority has to mediate with both non state actors and state actors. David Levy and Peter Newell remarked that business is not just a subject of a regulatory system imposed by the state rather business is an intrinsic part of the fabric of governance. Governance is multilayered and all the stakeholders do participate in the decision making process, i.e., the states, the market, and NGOs.

Till this time you must have understand the concept of governance and its importance, in general and particularly participatory governance. Now, you should be able to answer the questions given below, in order to check your progress.

Check Your Progress 1

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) Transparency and accountability are vital to good governance - Explain.

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2) What is meant by participatory budgeting?

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3) How does globalisation play a key role in changing the concept of governance?

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2.5 THE ROLE OF NGOs IN PARTICIPATORY GOVERNANCE

At the international level, NGOs are active, at meetings of intergovernmental coordination committees where issues related to trade, environment, and climate change are discussed. Their participation has helped bring radical changes in the negotiation mechanism with the non state players. Today, participation by NGOs is the key to good governance. Besides, their international presence and presence at both, the national and local levels, their participation is accepted by the government in various consultation meetings. Business, trade unions and NGOs, today, participate in decision making and this is a key to empowerment. It is the NGOs which can articulate the demands of people at the grass roots level. Many industrial establishments have initiated community outreach and developmental projects with the help of NGOs at their local levels. This is intended to create congenial environment for businesses. Business organisations provide funding to the NGOs in order to deliver specific services to people. In recent years, government of many countries are also taking the help of the NGOs for the implementation of various developmental projects at the grassroots level. At the same time, the local administration requires their help in implementing projects meant for the targeted social groups.

It is realized that the top-down approach is not going to succeed. The indirect and formal political decision making processes have not only failed to allocate adequate resources to the poor, but have excluded them from these processes. A bottom-up approach creates countervailing action by the people to influence the decision making processes. The role and contribution of people's participation is acknowledged by the UN which calls for "increased popular participation in decision making as a fundamental goal of and policy instrument for development."

Once the bottom-up approach is accepted, it requires NGOs to participate in a big way. These social action groups are able to articulate the needs of people as they work at the grass roots level. They have knowledge and expertise which makes meaningful participation possible and influence decisions that affect the livelihood of a target community. That is why it is recognized that programmes such as the participatory rural appraisal (PRA) is a means of empowerment of the rural poor.

The significant features of PRA are as following:

Empowerment: Knowledge is power. A local community that participates in the social process has acquired knowledge. The technical and social concepts related to their experience help them to have some expertise in limited areas. With knowledge, they have the capacity to contribute. The monopoly of professionals who have dominated the decision making process can be broken by the awareness of local communities that have knowledge.

Respect: The representatives of the local administration can learn to respect NGOs. The PRA process transforms administrators into learners and listeners. They learn to respect the intellectual and analytical capabilities of local people. The administrators should not have a patronizing attitude to local people. They may try to understand the folklore of local people to appreciate the local culture.

Localization: The administrators learn and understand the local mode of

representations. This helps them to use local materials for creative use.

Enjoyment: The PRA process provides real enjoyment as working with local people is really fun.

Inclusiveness: once the stakeholders (government/ NGOs) are sensitive to the needs of the local people, it encourages the poor and *dalits* to participate in the process. This brings the participation of marginal and vulnerable groups into the PRA process.

The PRA process generates a lot of data and ideas which can be used in participatory planning. Participatory planning emphasizes the involvement of the whole community in the strategic and management process. It becomes a community level planning processes. PRA is supported by participatory learning and action, which emphasizes the links between the participatory process and action. This helps in building democratic leadership, consisting of various castes and ethnic groups. This process helps in the integration of lower castes and tribal people into PRA.

One of the leading exponents of PRA, laid down following principles of PRA

a) handing over the stick: facilitating investigation, analysis, presentation and learning by local people themselves by which let local people teach you

b) self critical awareness: the administrator critically examines his, or her, behaviour

c) personal responsibility: taking responsibility to ensure that what is needed is really done, rather than depending on rules and manuals

d) sharing: which involves a wide range of techniques now available, which includes everything from chatting across the fence, to making photocopies, and sending e-mail

Participatory Rural Appraisal uses several of the do-it-yourself methods given below

- local people are experts, and teachers and administrators are novices

- mapping and modeling

- time lines and trend and change analysis

- seasonal calendars

- daily analysis

- institutional diagramming

- matrix scoring and ranking

- shared presentations and analysis

- participatory planning, budgeting, implementation and monitoring

2.6 CENTRALIZED GOVERNANCE

A state centric approach is favoured for conceptualizing a coherent centre, a global referential, a sense of direction, of scalar hierarchy, of equal treatment, of inalienable rights guaranteed by state acting in the general interest. In this framework, the primary decision making authority is vested in the central government. In other words, the goods and services are produced and delivered by the central government's field offices, or affiliated organizations. How such systems put in place is of high significance for an understanding of centralized governance. This can be understood better by the example of post independence India.

India adopted the approach of a division of functions and finances between the centre and the states in a framework of federal polity. The Constitution makers favoured a strong centre, because of the conditions prevailing then, such as a lack of industrial development, the need for balanced regional development, a large population living in poverty, scarcity of resources, and most importantly the fissiparous tendencies in many parts of the country which threatened its unity and integrity. The leadership at that time decided to opt for a democratic system of governance with a socialist pattern of society. The public sector was envisaged to be the engine of growth and economic development in the 'mixed economy' by gaining commanding heights in the economy. The principles mentioned earlier, i.e., optimal utilization of resources, high productivity levels, etc., formed the basis of the division of functions. Thus, three lists were obtained - Union, State, and Concurrent. These lists enumerated subjects which determined the primary decision making authority. However, an overview of the three lists makes it amply clear that many subjects have been included in the union list which, generally, in a federal polity, is state government's responsibility. Consequently, the resource generation capacity of the central government increased manifold, and states, in general, became dependent on the centre, for their investment and other spending requirements. This helped the centre to have greater control over states.

Besides political and economic control, administrative control was exercised through the continuance of Indian Administrative Service officers, who were the successors to the erstwhile Indian Civil Service of the Imperial rule. One party dominance for a sufficient period of time led to consolidation of the centralization tendencies. The biggest instrument in exercising, or perpetuating, the Centre's control over the states was centralized planning.

Outside India, among the modern states, France can be classified as having a greater degree of centralized governance among the world's democratic countries. The quest for overarching regulation and the re-conceptualization of a coherent centre describes well the reactions of leading French political and administrative actors to many of the challenges faced by contemporary France. French local authorities operate within the context of the centralized state tradition.

The advocates of centralized governance argue that the lower level governments are too close to the people to be effective instrument of desirable changes. They would be reluctant in imposing taxes and implementing schemes in the larger interest of the population. They might instead indulge in favouritism. Another assumption is that higher level governments are more enlightened and have

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higher capacity of policy making and efficient service delivery. Many proponents claim that if the responsibility of service delivery is delegated to local government, the quality of service will be degraded, as the Central government is likely to invest more in improving the skills and technical knowledge of its personnel as they may stay longer in the same position.

Till this point, you have read about the meaning, scope, and importance of participatory governance and centralized governance. Now, you should be able to answer the questions given below, in order to check your progress.

Check Your Progress 2

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) Explain the meaning of centralized governance with specific examples.

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2) Discuss the three lists of the Indian Constitution which provide the decision making authority between centre and state.

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2.7 DECENTRALIZATION AND DECENTRALIZED GOVERNANCE

Discourse on good governance has led governments, the world over, to move towards decentralization, and subsequently, towards democratic decentralization, giving more authority to local government systems. Before discussing decentralized governance, it is important to distinguish between the types of decentralization. Decentralization refers to a process through which more autonomy is bestowed upon lower level of institutions, and, more specifically, through the transfer of power to democratically elected bodies. There are different ways to grant autonomy.

i) *Devolution*: It refers to the transfer of power to the lower levels of government, from the national level to the state level, or from the state level to local government levels. This reduces the control of the higher level of government, but the lower level of government has to operate within the framework of the general policies.

ii) *Deconcentration*: Through deconcentration, the power is transferred to a sub unit, which ensures that the control of the government concerned remains intact, while functional autonomy enables the sub unit to perform efficiently. Deconcentration is normally given to a sub unit at the regional, or field level.

iii) *Delegation*: In delegating power, limited responsibilities are transferred to a lower level office to reduce the burden of decision making. It is normally used in units where the work load has increased, and it is efficient for the lower unit to carry out certain responsibilities without looking upwards for sanctions. Delegation does not reduce the accountability of the authority which has delegated power.

Democratic Decentralization

It is almost impossible to conceive of a highly decentralized system of governance without some measure of democracy to sustain it. It is widely accepted that in a democracy, the political values and preferences of the government reflect the will of the people. The government translates this will of the people into laws and policies, and then, implements it through its bureaucracy. The emphasis on discarding the top down approach has led to a search for effective alternatives. Democratic decentralization has emerged as the most appropriate and most recommended solution. Stigler (1957) identified two principles of jurisdictional design

- the closer a representative government is to the people, the better it works

- people should have the right to vote for the kind and amount of public services they want

These principles suggest that decision making should occur at the lowest level of government, consistent with the goal of allocative efficiency.

The international agencies give due importance to the projects that correspond to the needs of the people and formulated and implemented by the people. It is important to mention here that the efforts of decentralization are not donor driven. The main assumption behind is that development would reflect the will of the majority of the people through the elected representatives. Decentralization was also seen as part of a wave of democratization that was sweeping many countries towards the end of the 1980s.

Decentralized Governance

Increasing needs and aspirations, and the rising expectation of citizens put pressure on the capacity of the centralized governance institutions to formulate and implement sound policies, and to deliver public services. The move towards decentralization is aimed towards enhancing this capacity which is at the core of good governance. The assumption is that it would increase the effectiveness of the government through improved quality of policy formulation, as it would be synchornized with reality on the ground; streamline the bureaucracy, as it would increase the interface with the citizens, and, make it more accountable; and to vide improved service delivery by a responsive bureaucracy. One of the serious problems with centralized governance is that it results in inefficient service

delivery, and suffers from low accountability. International organizations like the United Nations and the World Bank use the term, governance, with reference to political, administrative, economic matters, and civil society.

Decentralization has emerged as the key element in the present thought on improving governance. Governments, the world over, are vying with each other in experimenting with decentralization (Manor, 1999). It recognizes the inability of traditional political and bureaucratic institutions to govern society through a top down approach. It has means taking recognition of spatial distribution of power and its multiple centres. These multiple centres can be at various levels, rising from the local community itself (Mathur, 2008). Mathur argues that, "In India, decentralization began to mean dispersion of power, not only to rural and urban local self governments, but, also, to self-help groups, local communities and NGOs".

Most importantly, decentralized governance serves to fragment and disperse political power. Despite the call for a reduced role of the state, the fact remains that the government is the most powerful institution in any society, and retains a monopoly on the use of coercive power. This makes it imperative to establish and maintain a system of checks and balances with regard to the exercise of power. Decentralized governance is a significant measure to implement and exercise such check and balances. It implies that there is need to establish multiple levels, jurisdiction and units of government, each of which has some measure of independence and autonomy from the other. This helps to ensure that power and authority are not concentrated, and promotes the creation of competing elites, which serve to check the independence and power of each other. According to some scholars, decentralization serves to create additional civic space as well. By generating more centres of power, there are inevitably more venues in which civil society organizations can develop and find sustenance, which contribute significantly to the creation of nongovernmental centres of authority and power within a society. These centres of power can serve to hold government accountable.

Additionally, decentralization enhances accountability. In the principal-agent framework, the authority is brought closer to the population, which provides the citizenry with a greater sense of political efficacy. Moreover, the people tend to respond more positively to the government that is nearer to them and more tangible.

Tiwari (2002) identifies the conditions that are necessary for the success of decentralized system of government

i)   the capacity of the local government to raise their own revenue and develop the competencies that are necessary to govern

ii) the ability of the state governments to direct reforms and to behave in a way that does not impede decentralization

iii) the state governments must learn when to impinge on local autonomy for the sake of stability, and when to refrain from interference to avoid inhibiting good governance at local levels

iv) the paradox is that decentralization requires more central governance and more sophisticated political skills at the state level

v) a good and strong state government

vi) reliance on local taxation and fiscal autonomy

vii) smooth function of local democracy.

India had a decentralized process even before its independence. By the 73rd and 74th constitutional amendments, democratic decentralization travels a full circle. Now, the local self governments in India are considered as the third tier in a three tier democracy. The democratic decentralization processes in India is given in the flow chart below.

Democratic Decentralization in India
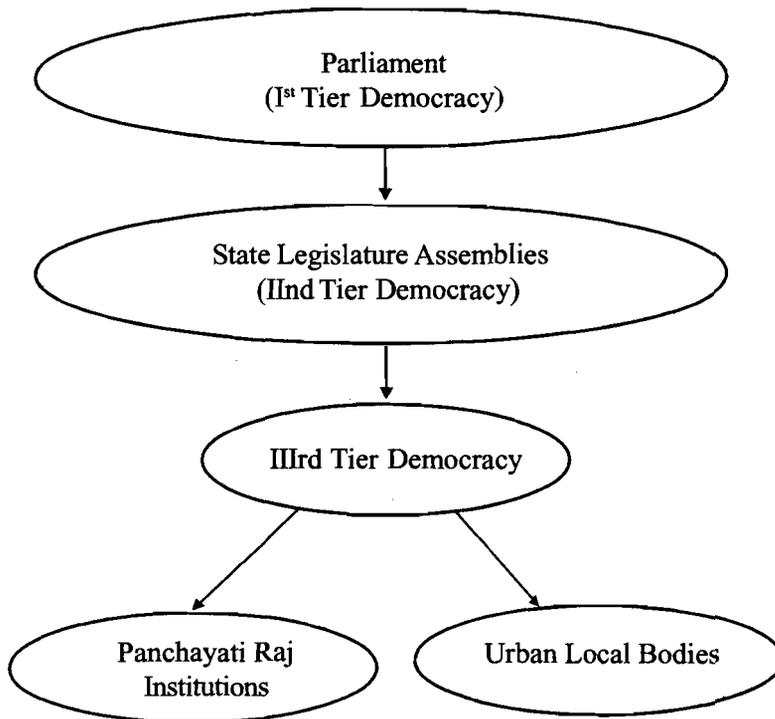
Now, attempt following questions, given below, to check your progress.

Check Your Progress 3

Note: a) Write your answer in about 50 words.

b) Check your answers with possible answers given at the end of the unit.

1) Explain the three concepts- devolution, deconcentration and delegation, and make distinction between them clear.

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2) What are the necessary conditions for the success of a decentralized system of government?

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2.8 ISSUES IN DECENTRALIZED GOVERNANCE

Decentralization is not a panacea to address the problems of effective governance. Success of decentralization depends a lot on the capacity of the lower levels of governments and efforts towards enhancing that capacity. Both, political and bureaucratic will are required to support decentralization. Below, we list some issues that plague decentralized governance

i) The political will to share power with the lower levels of the governments has often been absent, and, in fact, thwarted the attempts towards effective decentralization. The cases in point are the 73rd and 74th Constitutional Amendment Acts. Provisions, such as DPCs (District Planning Committees) or SFCs (State Finance Commissions), have yet to show any significant impact at the local level in a majority of the states. The states have not shown adequate enthusiasm towards implementing these provisions. Sufficient powers have not been devolved to local bodies, as envisaged under the Acts. Effective decentralization requires strong local government, and effective local law making capacity.

ii) Local bodies have been reluctant to raise resources through taxation at their level. A look at the budgets of local bodies, especially in the northern states, reveals that there are few untied funds which are available to local bodies, because revenue from their own sources is negligible.

iii) A potential problem inherent in the movement towards greater decentralization is that local entities, even when well intentioned and responsive, are in fact likely to have a narrower perspective in terms of issues of broad public policy and wellbeing than larger units of government. Decentralization may also help national governments in sharing responsibilities. Often the responsibility for providing services is devolved without adequate resources. For example, the matching of responsibilities and resources is not seen at the level of local bodies despite Constitutional provisions. There has been a growing concern about the extent of fiscal decentralization.

iv) It is desirable that there would be a significant local demand and local concern for the development and maintenance of a decentralized governance system. Local governments have, for long, faced the apathy of the people in India unlike in some western countries where people take pride in the affairs of their local government institutions.

v) A potential danger in a decentralized system is that the lower levels of governments may be captured by narrowly based, but highly organized, local elites. This may impact the broad public policy framework and put

the local governments at loggerheads with the central government. The emergence of some regional parties is a demonstration of this.

vi) Decentralization talks about power of the government but it does not guarantee good governance. Situations vary from country to country, and governance is a complex of polity, economy, society and environmental factors, and, therefore, there cannot be a specified remedy to ensure that reforms will result in desired outcomes. There is no best way to structure a decentralized governance system.

2.9 LET US SUM UP

The capacity of the government to effectively formulate and implement sound policies is under a scanner. The basic point of analysis is the relative efficiency of two types of governance. One is centralized governance using the central government's field offices, and the other is decentralized governance, based on the transfer of powers to the state and local level governments. A state centric approach is favoured for conceptualizing a coherent centre, a global referential, a sense of direction, of scalar hierarchy, of equal treatment, of inalienable rights guaranteed by the state acting in the general interest. How such systems are put in place is of high importance for understanding centralized governance. The advocates of centralized governance argue that the lower level governments are too close to the people to be effective instrument of desirable changes. However, discussions on good governance has led governments, the world over, to move towards decentralization, and, subsequently, towards democratic decentralization, giving more authority to local government systems.

Governments, the world over, are vying with each other in experimenting with decentralization. In India, decentralization began to mean dispersion of power, not only to rural and urban local self governments, but to self-help groups, local communities, and NGOs, as well. Decentralization enhances accountability. Democratic decentralization has emerged as the most appropriate and most recommended solution. The decentralization would lead to the decision making authority coming lower down the order.

2.10 KEY WORDS

Non Governmental Organisation (NGOs): Any institutions or agencies outside the state or government may be included under this category. Broadly, the term represents civil society, or the third sector in the form of a grassroot organization, self help group, voluntary organization, non profit organization, any associations, and development agencies.

Trust: For public participation, public trust is one pre-requisite condition to participate and act collectively for any common issues.

Participatory Rural Appraisal (PRA): It comprises tools for collecting, analyzing, and formulating the people's need, and, accordingly, intervening with development projects. PRA methodology focuses on participation, in which information is gathered from villagers, and local governments understand and learn from them.

Zielorientierte Projektplanung (ZOPP): This is German term which means Goal-Oriented Project Planning. This approach is widely used and promoted by

German Technical Cooperation, an international *cooperation* enterprise for sustainable development with worldwide operations, and provides a systematic structure for identification, planning, and management of projects developed in a workshop setting, with principal interest groups.

Governance: The traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and, the respect of citizens and the state for the institutions that govern economic and social interactions among them.

Decentralized governance: It refers to the exercise of authority to effectively formulate and implement sound policies by the multiple levels of governments and is based on transfer of powers to state level and local level governments.

Democratic decentralization: A process of transferring power to popularly elected governments at multiple levels.

Local government: This refers to specific institutions or entities created by constitutions, or, by ordinary legislations, or, by executive order, to deliver a range of specified services to a relatively small geographically delineated area.

Alternative Dispute Resolution mechanism: It refers to institutions outside the formal system of courts for settling disputes or litigation through negotiation, arbitration, or conciliation.

District Planning Committees: The 73rd constitutional amendment envisages for the formulation of District Planning Committees at the district levels, this institution will be responsible for the preparation of district plan. The chairman of the Zilla Parishad will be the chairman of district planning committee.

State Finance Commissions: The 73rd constitutional amendment envisages for the formulation of State Finance Commissions in each state to look after the financial matters relating to the local self governments.

Multinational/Translational Corporations: These are those corporations which operate in more than one country or nation at a time. They have become some of the most powerful economic and political entities in the world today.

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UNDP statement was quoted from *http://pipaltree.org*.

2.12 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 1

1) **Transparency and accountability are vital to good governance - explain.**

Answer. Transparency and accountability are critical for efficient functioning of a modern economy to achieve faster growth and development. These are two important pillar of democratic governance. Transparency ensures that information is made available which could be used to measure the authority's performance, and to guard against any misuse of power. The Right to Information (RTI) Act in India is an example of transparency in governance. Further, transparency ensures accountability, and institutions and authorities can be held responsible for the delivery of results. Thus, transparency and accountability are viewed as pre-conditions for good governance.

2) **What is meant by participatory budgeting?**

Answer. Participatory budgeting is a process of democratic deliberation and decision making in which ordinary residents decide how to allocate part of a municipal or public budget. Usually, this is characterized by several basic design features such as, the identification of spending priorities by community members, election of budget delegates to represent different communities, facilitation and technical assistance by public employees, local and higher level assemblies to deliberate and vote on spending priorities, and the implementation of local direct-impact community projects. Some states in India, the panchayat utilizes its

common property resources and generates funds which are added to the total budget of the panchayat. Besides, people also collect money to manage their common resources such as water works, streetlights, and other utilities.

3) **How globalisation has played a key role in changing the perception of governance?**

Answer. Globalisation and economic integration have not only changed economic and social relations, but influenced the nature of governance, and political systems at local and global levels. During the process there are two important actors–MNCs and NGOs emerged and played active roles. (Also, see the analysis in section- 2.3 & 2.4)

Check Your Progress 2

1) **Explain the meaning of centralized governance with specific connotations.**

Answer: Centralised governance refers to the primary decision making authority vested in the central government. It is a state centric approach which is favoured for conceptualizing a coherent centre, a global referential, a sense of direction, of scalar hierarchy, of equal treatment, of inalienable rights guaranteed by state acting in the general interest. In other words, the goods and services are produced and delivered by the central government's field offices, or affiliated organizations.

2) **Discuss three lists of the Indian Constitution which provide decision making authority between centre and state.**

Answer: According to the 7th Schedule of the Indian Constitution, there are three lists formed on the basis of division of functions between the State and the Centre. The lists are: Union, State, and Concurrent for optimal utilization of local resources and high national productivity. The first two lists, the union and the state lists, refer to the authority of central government and the state government respectively, whereas the concurrent list is the area of common subjects for both union and state lists. These lists enumerate subjects which determine the primary decision making authority. However, the centre has greater control over the states.

Check Your Progress 3

1) **Explain the three concepts- devolution, deconcentration and delegation, and make distinction between them clear.**

Answer: Devolution, deconcentration, and delegation are three types of decentralization process. Devolution refers to the transfer of power to the lower levels of government, from national level to state level, or, from state level to local government level. This reduces the control of the higher level of government, but the lower level of government has to operate within the framework of the general policies. Deconcentration is another form of transfering power to a sub unit, which ensures the control of the government concerned remains intact, while the functional autonomy enables the sub unit to perform efficiently. Deconcentration is normally given to a sub unit at the regional or field level. Delegation is the third form of delegating power, where limited responsibilities are transferred to a lower level office to reduce the burden of decision making. It is normally used in units where the work load has increased, and it is efficient for the lower unit to carry out certain responsibilities without seeking sanctions

from higher authorities. Delegation does not reduce the accountability of the authority which has delegated power.

2) What are the necessary conditions for the success of the decentralized system of government?

Answer: The necessary conditions for the success of decentralized system of government: i) the capacity of the local government to raise their own revenue and develop necessary competencies to govern; ii) the ability of the state governments to direct reforms, and to behave in a way that does not impede decentralization; iii) the state governments must learn when to impinge on local autonomy for the sake of stability, and, when to refrain from interference to avoid inhibiting good governance at local level; iv) the paradox is that decentralization requires more central governance and more sophisticated political skills at the state level; v) a good and strong state government; vi) reliance on local taxation and fiscal autonomy; vii) healthy local democracy.