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# **M.P.A.-16**

## **Decentralisation and Local Governance**

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*By: Dheeraj*



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# QUESTION PAPER

June – 2023

(Solved)

## DECENTRALISATION AND LOCAL GOVERNANCE

M.P.A.-16

Time: 3 Hours ]

[ Maximum Marks: 100

Note: Answer any five questions, selecting at least two questions from each section. All questions carry equal marks.

### SECTION-I

**Q. 1. Explain the economic context of democratic decentralisation in India.**

**Ans. Ref.:** See Chapter-3, Page No. 17, 'Economic Context'.

**Q. 2. Describe political and functional decentralization.**

**Ans. Ref.:** See Chapter-11, Page No. 70, 'Political Decentralization' and Page No. 72, 'Functional Decentralization'.

**Q. 3. Bring out the nature of partnership between local authorities and special purpose agencies in education sector.**

**Ans. Ref.:** See Chapter-9, Page No. 54, 'Partnership Among Local Authorities' and 'Special Purpose Agencies in Education Sector'.

**Q. 4. Write a note on 'Bhagidari' as a programme of government-citizen partnership.**

**Ans. Ref.:** See Chapter-10, Page No. 63, 'Bhagidari: A Programme of Government – Citizen Partnership'.

**Q. 5. "Under political decentralization political and constitutional status has been given to local institutions." Elucidate.**

**Ans. Ref.:** See Chapter-4, Page No. 21, 'Introduction', 'Legislative Framework of Decentralization', Page No. 22, 'Political Decentralization', 'Election of Local Bodies', 'Inactive Gram Sabha' and 'Representation of MLAs & MPs in PRIs'.

### SECTION-II

**Q. 6. What do you understand by 'equal distribution and social justice? Explain the various principles that govern them.**

**Ans. Ref.:** See Chapter-7, Page No. 41, 'What Exactly is Equal Distribution and Social Justice', 'The Principle of Desert' and Page No. 42, 'The Principle of Need' and 'The Principle of Balance'.

**Q. 7. Write a note on different fields of partnership.**

**Ans. Ref.:** See Chapter-8, Page No. 48, 'Different Fields of Partnership'.

**Q. 8. Describe the actual position of devolution of powers and functions to rural local bodies.**

**Ans. Ref.:** See Chapter-14, Page No. 106, 'Devolution of Powers and Functions – Actual Position'.

**Q. 9. Explain the intra-tier responsibilities among rural local bodies, as per the Eleventh Schedule.**

**Ans. Ref.:** See Chapter-16, Page No. 122, 'Intra-tier Responsibilities' and 'The 11th Schedule'.

**Q. 10. Discuss the financial resources of local bodies.**

**Ans. Ref.:** See Chapter-20, Page No. 146, 'Finances of Rural Local Bodies' and 'Municipal Finances'.

■ ■

# QUESTION PAPER

December – 2022

(Solved)

## DECENTRALISATION AND LOCAL GOVERNANCE

M.P.A.-16

Time: 3 Hours ]

[ Maximum Marks: 100

Note: Answer any five questions, selecting at least two questions from each section. All questions carry equal marks.

### SECTION-I

**Q. 1. Discuss the post-modernist critique that calls for public-participatory planning processes in public policy. Also briefly highlight the political environment of choice in public policy.**

**Ans. Ref.:** See Chapter-2, Page No. 8, 'Post-Modernist Critique and 'The Political Environment of Choice'.

**Q. 2. 'PRIs are an important instrument of social transformation'. Discuss.**

**Ans. Ref.:** See Chapter-3, Page No. 14, 'PRIs as an Instrument of Social Transformation'.

**Q. 3. Describe functional and financial decentralisation.**

**Ans. Ref.:** See Chapter-11, Page No. 72, 'Functional Decentralisation and Financial Decentralisation'.

**Q. 4. Elaborate upon the principles of desert, need and balance in equal distribution of benefits of development.**

**Ans. Ref.:** See Chapter-7, Page No. 41, 'The Principle of Desert' and Page No. 42, 'The Principle of Need' and 'The Principle of Balance'.

**Q. 5. Define administrative decentralisation. Also, comment on the government's role as an enabler, provider, partner and investor in present day governance.**

**Ans. Ref.:** See Chapter-8, Page No. 50, 'Administrative Decentralisation' and Page No. 51 'Role of the Government'.

### SECTION-II

**Q. 6. Discuss the partnership among local authorities and special purpose agencies in the health sector.**

**Ans. Ref.:** See Chapter-9, Page No. 55, 'Partnership Among Local Authorities' and 'Special Purpose Agencies in Health Sector'.

**Q. 7. "The 74th Constitutional Amendment Act, 1992, has granted the urban local bodies not only a constitutional status but has also improved their structure, working and finance". Examine.**

**Ans. Ref.:** See Chapter-13, Page No. 92, 'Features of 74th Constitutional Amendment' and Page No. 93, 'Observations on the 74th Amendment Act'.

**Q. 8. Discuss the three-tier system of PRIs in India.**

**Ans. Ref.:** See Chapter-14, Page No. 107, Q. No. 2.

**Q. 9. Write a note on resources of local bodies.**

**Ans. Ref.:** See Chapter-20, Page No. 145, 'Resources of Local Bodies'.

**Q. 10. Discuss the socio-economic component of decentralisation and briefly highlight the measures to strengthen the same.**

**Ans. Ref.:** See Chapter-6, Page No. 36, 'Socio-Economic Component of Decentralisation' and Page No. 38, Q. No. 2.

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# Sample Preview of The Chapter

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# DECENTRALIZATION AND LOCAL GOVERNANCE

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## CONCEPT OF DEMOCRATIC DECENTRALIZATION

### Concept, Evolution and Significance of Democratic Decentralization



#### INTRODUCTION

Democratic decentralization is the development of reciprocal relationships between central and local governments and between local governments and citizens. It addresses the power to develop and implement policy, the extension of democratic processes to lower levels of government, and measures to ensure that democracy is sustainable. Democratic decentralization incorporates both decentralization and democratic local governance.

Historically, the word “decentralization” has been used to refer to many quite different institutional reforms. To the public finance economist, decentralization usually means fiscal decentralization. Reforming the inter-governmental fiscal system is usually the first priority. To the political scientist, decentralization usually means a set of policy issues, a focus on who has authority and responsibility. The political scientist tends to focus on the structure of power and authority and how it is wielded. To the institutional economist, decentralization usually involves getting an incentive system in place so that individual behaviour meets expectations. To the sociologist, decentralization usually means participation, and the role of informal organizations and community groups is a major focal point. The urban planner or

economist may stress yet another element—decentralization as a strategy for enhancing local economic development. Finally, the civil society expert sees decentralization as a path to democratic local governance.

#### CHAPTER AT A GLANCE

##### CONCEPT OF DEMOCRATIC DECENTRALIZATION

Democracy is about meaningful participation. It is also about accountability. Strong and vibrant local governments ensure both active participation and purposeful accountability.

It is necessary that in a democracy, tasks, which can be performed locally, should be left in the hands of the local people and their representatives. Common people are more familiar with their local government than with the government at the State or national level. They are also more concerned with what local government does or has failed to do as it has a direct bearing and impact on their day-to-day life. Thus, strengthening local government is like strengthening democratic processes.

Decentralization is the transfer of power and resources from national governments to sub-national

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governments or to the sub-national administrative units of national governments. Decentralization is often regarded as a top-down process driven by a unitary or federal state in which the central government grants functions, authorities, and resources to sub-national levels. But impulses for decentralization can also originate from these lower levels. Decentralization encompasses a wide range of different political and economic systems, whose properties vary widely. This diversity makes it all the more important to define terms precisely and use them as consistently as possible.

Political/democratic decentralization' is said to occur when powers and resources are transferred to authorities that are 'downwardly accountable to local populations'. The aim is to increase public participation in local decision-making. Advocates of this kind of arrangement believe that locally accountable representatives with real public powers and greater community participation will increase efficiency and equity in the use of public resources. This notion of decentralization can be contrasted with other kinds of decentralization reforms taking place in the name of democratization and development.

Administrative decentralization is the transfer of responsibility for the planning and management of one or more public functions from the national government and its centralized agencies to sub-national governments and/or sub-national administrative units. Administrative decentralization refers to the institutional architecture—structure, systems, and procedures—that supports the implementation and management of those responsibilities under the formal control of sub-national actors. It encompasses, among others things, sub-national departmental structures and responsibilities; human resource requirements and management systems; and planning, monitoring and evaluation of service arrangements. Administrative decentralization may or may not include improving capacities for budgeting, financial management and financial control, depending on the degree of fiscal decentralization in the country in question. Administrative decentralization also includes mechanisms for working with higher, peer, and lower levels of government or administration, as well as mechanisms for working with key local nongovernmental actors, such as traditional authority structures and private sector partners.

Democratic centralism is a political concept referring to the governance of political parties and

groups. The democratic aspect of this methodology describes the freedom of members of the political party to discuss and debate matters of policy and direction, but once the decision of the party is made by majority vote, all members are expected to follow that decision unquestioningly in public. This latter aspect represents the centralism.

Democratic decentralization, involving the transfer of administrative, fiscal, and political power, is necessary for decentralization to be successful and for sustainability to be a reality. Democratic decentralization is significantly strengthened when mechanisms are created at the local level to facilitate the local level planning process, linking government staff to civil society. Such partnership often necessitates a change in the mind-set of its members as well as resources devoted to strengthening the capacities and skills necessary for effective facilitation of such processes.

Decentralization is an integral part of the logic of democratization—the power of a people to determine their own form of government, representation, policies and services. In designing decentralization strategies it is important to ensure adequate processes of accountability, transparency and responsiveness by all societal actors.

### EVOLUTION OF DEMOCRATIC DECENTRALIZATION

The industrial revolution in England in the 19th century and its spread to continental Europe and the Americas paved the way for the emergence of conventional or received paradigms of modern development.

With this, these countries saw the end of the empire and the rise of an era of Independence and self-rule. However, even after Independence, by and large, they also followed the received paradigms of development originated with the industrial revolution, the basic focus of which was on 'growth at any cost'. This was mostly because of their colonial legacy and colonized minds. The state and the market were considered to be the two dominant institutions in the economy playing the development role. In fact, the forces of empire reemerged in these countries in the form of development, with a strong, but false promise, to bring prosperity to all. Development that occurred in these countries, however, betrayed the common people and totally failed in keeping up the promises. The illusion created among

CONCEPT, EVOLUTION AND SIGNIFICANCE OF DEMOCRATIC DECENTRALIZATION / 3

the people that economic growth would bring progress, benefit the people and increase the well-being of all has disappeared. The increasing global inequality in the second half of 20th century is obvious from the facts that the world's richest 1% of people receive as much income as the poorest 57%, the income of the world's richest 5% is 114 times that of the poorest 55 and the richest 10% of the U.S. population has an income equal to that of the poorest 43% of the world.

Development, according to traditional economic theories, emerged after the industrial revolution and was reckoned as mere growth of income or Gross Domestic Product of the country. The debate remained to be one about 'growth' *versus* 'non-growth'. The argument was that growth is imperative for the alleviation of poverty and the well-being of the society, as growth would percolate down to all sections of the society. When the countries under colonial rule became independent, they also took it for granted that the post-industrial revolution development model would ensure growth of their economies and that all sections of the people would benefit out of such a growth. More than half a decade of experiment with these development paradigms in these countries, however, did not guarantee any promising future for the vast majority of their people. The development discontent in these developing countries precipitated during these decades and a search for alternative development paradigms and strategies for development received top priority among the politicians, academics and policymakers. 'Participatory Development' is the most vehemently suggested alternative paradigm.

Village panchayats have been an integral part of village administration since times immemorial but nothing much is known about the status, structure, functions and finances of panchayats in ancient India. Although the idea of decentralised planning is as old as the Gandhian economic thought, attempts at giving a concrete shape to this thinking may be said to have been made in the post-independence period. During the constitution making process and thereafter, since the inception of planning in India, certain hard choices had to be made between the needs of national security, national unity and economic growth, on the one hand, and the consideration of achieving a measure of distributive justice, on the other, so that the benefits of development accrue to the people at the grassroot level, and also people may participate in the process of

planning and development at different territorial levels. In the initial years, the choice was made in favour of rapid growth and planning and, therefore, decision-making remained centralised and vertical around the two political levels, viz. the Union and the State. Local bodies like panchayats, by and large, functioned as civic agencies of the state government and not as instruments of micro-level planning. In India, the decentralized bodies existing below the state (a three tiered system at the district, block and village level) are known as 'Panchayat Raj Institutions' (PRI) and they have been granted constitutional status under the law vide the 73rd amendment.

It was during the third five year plan that a methodology of preparing state plans for rural development on the basis of district and block plans, was evolved and attempts were made to constitute three-tier system of PRIs, based on the recommendations of the Balwant Rai Mehta Committee (1957), and with it the idea of "planning from below" gained some currency. But these ideas did not pick up and were not operationalized, as the PRIs, except in some states, were stagnating or declining, after the initial enthusiasm for their development. Lot of discussion had taken place in the country in respect of the need for creating multi-level planning framework which envisaged devolution of definite powers, functions and finances to different territorial levels, but no concrete steps were taken in this direction.

Since the beginning of the sixth five year plan, a number of special programmes for poverty alleviation, employment generation and area development were launched in the country. At this stage, block level was considered important to implement rural development programmes through fuller utilization of local resources. In November 1977, a Working Group under the Chairmanship of Prof. M.L. Dantwala was appointed by the Government of India, to draw up guidelines for block level planning.

At the same time, in December, 1977, a Committee on Panchayati Raj, headed by Ashok Mehta was appointed. The Committee considered inadequacy of resources, mainly responsible for failure of PRIs and, therefore, recommended, inter alia, measures for strengthening the financial resources of PRIs. In the light of recommendations of the Committee, gradually PRIs were set up in almost all the states and were contemplated to be developed as instruments of

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development. Whereas in Maharashtra and Gujarat, power was vested in district panchayats, in Madhya Pradesh and some other states, the responsibility for development was entrusted to development blocks. Another committee headed by Prof. C.H. Hanumantha Rao (1984) went into the question of evolving methodology for district level planning and recommended that planning process at the district level should be sufficiently decentralized, having a good deal of autonomy, administrative and technical capability and financial adequacy.

**SIGNIFICANCE OF DEMOCRATIC DECENTRALIZATION**

Democratic decentralization is the process of devolving the functions and resources of the state from the centre to the elected representatives at the lower levels so as to facilitate greater direct participation by the citizens in governance. The basic principle governing the devolution of functions and resources should be that of subsidiarity: what can be done best at a particular level should be done at that level and not at higher levels. All that can optimally be done at the lowest level should be reserved to that level. Only the residual should be passed to the higher levels. The different tiers while functioning in ways complementary to each other, should have functional, financial and administrative autonomy. The concept of democratic decentralization proposed here also requires a movement beyond representative democracy. Appropriate institutions and opportunities but also necessary capabilities have to be created at the lower levels in order for ordinary citizens to participate in the decision-making, implementation, monitoring and sharing of the benefits and responsibilities of governmental activities. Such popular participation would make the elected representatives continuously accountable to the citizens and would facilitate a transparent administration.

Along with downsizing governments, decentralizing their authority is being advocated as part of the good governance agenda promoted by bilateral and multilateral funding agencies. De-concentrating Central government offices by locating them closer to where citizens live constitutes one part of decentralization; but the more important part concerns devolution or mandated transfers of authority and resources to independently elected local governments.

**DEMOCRATIC DECENTRALIZATION IN INDIA**

As the working of Panchayati Raj Institutions since 1959 has been argued as successful in a few states and a failure in most of the states. It means that the system has been experiencing ups and downs. Although, the concept of Panchayati Raj is a state subject but, basically each state is free to evolve its own system depending upon local needs, circumstances administrative conveniences and experiences. With the result, we have a variety of Panchayati Raj institutions with all kinds of combinations and permutations. In fact, their success or failure depends upon their structure, powers, functions leadership, finances and state control. In a big country like India, changes in different aspects of these bodies have been taking place as per the changing circumstances. Although the whole activities of Panchayati Raj institutions are broad based but their resource base are very weak. As things stand today, the local economy is very weak which indicates that Panchayati Raj Institutions have very limited scope to impose taxes in their jurisdiction. Introduction of Panchayati Raj was hailed as one of the most important political innovations in independent India. It was also considered as a revolutionary step. Panchayati Raj is a system of local self-government where in the people take upon themselves the responsibility for development. It is also a system of institutional arrangement for achieving rural development through people's initiative and participation. Panchayati Raj involves a three-tier structure of democratic institutions at district, block and village levels namely, Zila Prishad, Panchayat Samiti and Village Panchayats respectively. These institutions are considered as training ground for democracy and gives political education to the masses. These institutions were established in 1959 based on the philosophy of decentralization and gram swaraj. Rural development plans and programmes are implemented at this level so that fruits of development can accrue to the community directly.

While distributing powers between the Union and the States, the Constitution of India at Article 40 (Directive Principles of State Policy) vested local bodies and Panchayati Raj as a subject with the states but did not further elaborate on the relations between the states and this third tier of Government. Panchayati Raj was given another lease of life in the context of community development projects launched in 1952. The Balwantrai Mehta Committee Report in 1957 underlined the role