



# DEMOCRATIC DECENTRALISATION IN INDIA - CHALLENGES AND OPPORTUNITIES IN THE LIGHT OF GLOBALISATION

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## ABSTRACT

*Decentralization is considered a potentially effective strategy for participatory development and delivery of assistance, particularly in the context of rural development. It contributes to the reduction of inequality and poverty and, thus, promotes local democracy. India has considerable social and economic inequality and poverty. Success stories of several Indian states indicate that India is better able to make democratic decentralization works well than most other countries. This is true because India can offer several helpful preconditions like the long prior experience of democracy, a well-developed capacity to conduct free and fair elections, extensive experience of bureaucrats yielding some influence to elected representatives etc. Although the democratic decentralization has yet number of challenges in India, There are two main strands to the Indian story: remarkable achievements in a few states, and missed opportunities in most. Most state governments have denied elected councils both (urban and rural) sufficient powers and resources to enable them to work well. This paper examines the role of democratic decentralization in promoting inclusive governance like responsive, efficient, equitable and social security in the context of globalization.*

## INTRODUCTION

India is one of the developing countries that have been experimenting with democratic decentralization to promote development since independence. Local self-government is one form of a decentralized system that is affected by the transfer of authority or responsibility for decision making management or resources allocation from the higher level of government to its subordinate units. A major initiative was launched with the introduction of the three-tier structure of local self-government known as the panchayath raj institutions (PRI) at the district, taluk and village levels in the late 1950s. The three tiers of government along with the central and state government for rural and urban areas with independent powers and resources were constituted in the 2000s with the 73<sup>rd</sup> and 74<sup>th</sup> amendment of the constitution.

Globalization is a popular term in both the 20<sup>th</sup> and 21<sup>st</sup> centuries just as modernization, development and change. Decentralization is a widely used concept, and it is closely linked with democracy, development and good governance. Democratic decentralization is more related to the political system within a country whereas globalization is a multidimensional phenomenon steered by economic relations. Globalization has both positive and negative aspects on developing countries like India. On the positive aspect there is an increased scope for international trade, free movement of capital, increase in GDP, employment and income generation to the people, education quality of the product, affordable prices of the products, various modes of transportation, shrinking distances between continents and countries causing developing

and developed countries to find ways to solve problems on a global rather than regional scale.

On the other side, several effects of these transformations have brought negative impact on developing and underdeveloped countries as it creates uneven development, also results in the exploitation of countries to benefit core countries which results in a poor path dependency. Hindrance in the establishment of small and cottage industries that have to be coordinated with large industries limited the work of domestic institutions and restricts their importance in the international field. A disastrous monopoly of large institutions widens the gap between developed and developing countries. The mechanization of industries increases the chance of unemployment; it also increases inequalities and regionalism, and adversely affects national sovereignty. Thus, globalization has both positive and negative aspects. A country with efficient political and economic management will have fewer negative aspects and more positive aspects.

### Evolution of Democratic Decentralization in India.

- 1948 Constitutional debates between Gandhi and Ambedkar on Gram Swaraj, 'self-rule'.
- 1882 The Resolution on Local Self Government.
- 1907 The Royal Commission on Decentralisation.
- 1957 Balwantrai Mehta Commission – an early attempt to implement the Panchayat structure at district and block (Samithi) levels.
- 1963 K. Santhanam Committee – recommended limited revenue-raising powers for



- 1978 Panchayats and the establishment of State Panchayati Raj Finance Corporations. Asoka Mehta Committee – appointed to address the weaknesses of PRIs, concluded that aresistant Bureaucracy, lack of political will, ambiguity about the role of PRIs, and élite capture had undermined previous attempts at decentralisation, recommending that the District serves as the administrative unit in the PRI structure. Based on these recommendations, Karnataka, Andhra Pradesh and West Bengal passed new legislation to strengthen prices.
- 1985 G.V.K. Rao Committee – appointed to address weaknesses of PRIs, recommended that the block development office (BDO) should assume broad powers for planning, implementing and monitoring rural development programmes.
- 1986 L.M. Singhvi Committee – recommended that local self-government should be constitutionally enshrined and that the Gram Sabha (the village assembly) should be the base of decentralised democracy in India.
- 1992 The 73rd Amendment to the Indian Constitution – PRIs at district, block and village levels are granted Constitutional status. The Gram Sabha is recognised as a formal democratic body at the village level. The 74th Amendment, granting Constitutional status to municipal bodies, is passed soon after.
- 1996 The Adivasi Act – Powers of self-government are extended to tribal communities living in Fifth Schedule areas.

## DEMOCRATIC DECENTRALISATION IN INDIA- CHALLENGES AND OPPORTUNITIES

Decentralization has emerged as a dominant trend in world politics; India of course is not alone in this process. Many analyses of democratic decentralization are considered a revolutionary concept to build democracy at the grass-root level in the country which makes the decentralization process in India successful to a large extent. Decentralized governance is a process that allows people's involvement in administration and development programs. It remains significant for the realization of people-centered development and therefore, decentralized governance is a strategy for all people to enjoy equal rights, and is an instrument for building the capacity for economic development. International comparisons of rural decentralization suggest Indian states are amongst the most politically decentralized, are at the level of other countries/states on fiscal decentralization, and are lagging on administrative decentralization (World Bank overview). A Taskforce on decentralization of the government of India (GOI) defines devolution thus “Devolution in the context of the panchayaths, means that when the authority in respect of a

specific activity is transferred from the state to the local governments, the latter should have the prerogative of taking decisions in respect of planning and implementation of such activity. Functions, funds and functionaries are complementary to one another in the process of devolution of responsibilities and powers upon the panchayaths”. Here local governance is seen as an integral element of the federal system and involves the devolution of funds, and functionaries to panchayaths.

Democratic decentralization at the grassroots level is envisaged as the most important strategy to make democracy meaningful and achieve greater goals of a responsive, corruption-free, effective and transparent administration and delivery of services to the rural and urban population. Decentralization and development of local administration are widely recognised as effective political instruments and means of realisation of balanced and equitable development in Indian states. Decentralization of power aims at better and faster communication, involvement and commitment of the people in development, mobilisation of support and utilization of resources in a greater manner for national development, reduction in delay in decision-making, greater equity in the allocation of resources and investments as well as the reduction in the apathy of administration to client.

In this context, 30 years after the 73rd Constitutional Amendment, it is universally and acutely realised that the process of democratic decentralization cannot be complete without the devolution of adequate and rightful financial and administrative powers to the grassroots institutions. It cannot encourage unified efforts by all sections of local communities to peruse development projects in a spirit of solidarity, because it causes competition to quicken between groups within the locality. The story of the democratic decentralisation in India in recent years is extremely complex. There are two main strands to the Indian story: remarkable achievements in a few states, and missed opportunities in most. In the Indian context, the concept and practice of local government taxation have not progressed much since the early days of British rule. Most of the revenue accrual comes from taxation of property and profession with minor supplement coming from non-tax receipts like rent from property and fees for services. Democratic decentralization in India thus has several challenges/ limitations like insufficient funding, inflexibility in spending, little investment in enabling and strengthening local governments to raise their taxes and user charges, lack of staff, untimely and delayed elections, merely acting as implementation machinery rather than the policy-making body, corruption etc. It is high time that a national consensus emerges on broadening and deepening the revenue base of local governments. A comprehensive exercise needs to be taken up in this sector on a priority basis.

## CONCLUSION

Democratic Decentralization is a double edge sword for both urban and rural development. An honest effort to alleviate poverty and promote sustainable development in India requires considerable decentralisation of government authority, well beyond the state level. In the context of globalisation, the role of the Panchayati Raj Institutions (PRIs) acquires importance, for they provide an opportunity to undertake the



implementation of coordinated action at the grass-root level for the benefit of the disadvantaged sections of society. It is imperative to strengthen the Decentralisation form below so that the voice of the poor could carry weight in village assemblies. Apart from social mobilisation, this can be accomplished by strengthening community networks and institutions. These would build the capabilities of the poor, providing security of livelihood and a safeguard against destitution, hunger, disease and alienation. Initiatives that empower the poor, especially women, to manage both village resources and village institutions, are steps in this direction. The success of democratic decentralisation depends upon the success of these initiatives. Today Democratic Decentralisation is the most significant theme in the development in this course. In the present context of rapid social change and development activity democratic decentralisation has been much more appropriate to deal with contemporary trends of globalisation.

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