CHAPTER – II

CONCEPTUAL FRAME WORK OF DEMOCRATIC DECENTRALISATION

In its theoretical frame of reference, the word ‘Decentralization’ is the exact opposite to the word ‘Centralization’. Centralization involves the centralization of powers in one hand at the top, while decentralization means diffusion of powers at different levels. In modern times, it has been so widely and differently used that it has become less precise. The word decentralization has been defined differently by different authorities. To M.E. Dimock and G.O. Dimock, centralization inclines towards competition and self-determination. These scholars seem to be very much in favour of decentralization. They opine that decentralization permits of less standardization and hence allows more variation and experimentation, more freedom to innovate and choose, encourages more experience and a wider scope for initiative, both of which stimulate leadership.¹ L.D. White has his own comments about decentralization. To him, decentralization is a twin process of deconcentration and devolution. In deconcentration, a superior officer, in order to make his department function effectively and efficiently, delegates to his subordinate field officials the power to act in his name without transferring to them the authority he enjoys.² Devolution, which also implies dispersal of authority, is a process wherein power is transferred from one organ of government to another by means of legislation or constitution. It means a system in which there are many centres of Government–central, state and local, each with a recognized right of independent existence and functions. To be more specific, a certain sphere of jurisdiction, either functional or territorial, is set apart for a legally constituted
body which while administering its authority, enjoys some power of self-
determination.” In a deconcentrated system, local authorities simply act as the
agents of Central Government. For instance, the English system is based on
decentralization as contrasted with the continental system which is based on
deconcentration. According to Pfiffner and Sherwood, “Decentralization will
always experience a certain amount of academic conflict between those whose
purpose is to co-ordinate and those who resist the coordination. What is
needed is to learn a way of life in which the coordination process will be least
restricting, in which people can pursue their individual goal to the maximum and
yet work in harmony towards group goal with others who look upon things
differently.  

In fact, the above writers are not defining decentralization, rather they
are pointing towards certain difficulties which can be faced, when we proceed
towards decentralization. According to Mc Farland the term decentralization
refers both to the physical location of facilities to the degree to which decision
making authority and responsibility are dispersed throughout an organization.
Decentralization of authority has been defined as a situation in which ultimate
authority to command and ultimate responsibility for results is localized as far
down in the organization as efficient management of the organization permits.  
Davis feels that decentralization takes place when some higher central source
of responsibility and authority assigns certain functions and duties to
subordinate individuals and groups for performance. In the words of Hodge
and Johnson, “Decentralization is properly used, to refer to a form of
organization in which there has been considerable delegation.
Different aspects of decentralization

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<th>Administrative – I</th>
<th>Administrative – II</th>
<th>Geographical</th>
<th>Functional</th>
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<td>(i) By creating new levels of Government.</td>
<td>The authority is delegated in such a way that large areas of discretion are given to the subordinate officers.</td>
<td>By granting broad powers to individual component parts of the organization.</td>
<td>When freedom is given to the field units or agencies away from head quarters and near to the people.</td>
<td>Leaving power of decision making in respect of technical or professional matters largely to the appropriate technical or professional units of organization.</td>
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<td>(i) Much powers in the hands of elective bodies.</td>
<td>Few questions are referred to the Chief Executive at the top</td>
<td>Relating only certain essential powers of control in the head office.</td>
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<td>(iii) Considerable popular participation.</td>
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Resulting in wide spans of control (relatively few large number of immediate subordinates) and relatively echelons (relatively few decision-making levels) with much authority in the organization structure. In simple words, a decentralized system is one in which the lower levels are allowed to decide most of the matters which come up, reserving comparatively a few bigger and more important problems only for those high ups. The essence of centralization or decentralization, therefore, lies in the distribution of the power of decision.

Some of the Indian scholars have also given their views about decentralization. They remark that decentralization can be political or administrative. In their own words, “Political decentralization” implies the setting up of new levels of government. The creation of Autonomous States within the Indian Union and of Panchayati Raj Institutions within the states is a good
illustration of such decentralization. The present struggle in U.P, Bihar, Punjab and J & K and also in some other states appears to be heading towards the creation of autonomous states, which are politically independent and enjoy some powers of self-determination. Another dimension of it is the association of the public with administration and this can be secured only by the disposal of political and administrative authority.\textsuperscript{8} Sarkaria Commission came out with concrete suggestions to give Indian Polity a true federal character. H.D. Deve Gowda’s Government had set up a high level committee to review and update the recommendations of the Sarkaria Commission on the Centre State Relations. Deve Gowda clearly propagated the new system of “Cooperative Federalism in the second meeting of the Inter-State Council held on Oct. 15, 1996. This propagation provides us a new federal structure in the future setup of our country.

**Meaning of Decentralisation:**

The term decentralization is understood differently by different individuals. In the words of Pfeiffer and Sherwood, “In some respects decentralization has come to be a ‘gospel’ of management. Firstly, it is regarded as a way of life to be adopted at least partially on faith, secondly, it is an idealistic concept, with ethical roots in democracy, thirdly, it is in the beginning a more difficult way of life because it involves a change in behavior running counter to historically rooted culture patterns of mankind. That is why the new literature of decentralization dwells on how to bring about change in organization behavior. Man finds it difficult to delegate, to think in terms of the abstractions required by long-term planning, to listen rather than to give orders, to evaluate other men and their work in terms of overall results instead of
irritations and tensions of the moment. Yet this is the very key to the behavior required of leaders in a decentralized organization’. 

Louis A. Allen refers to it as one of the most confused and confusing of the administrative techniques that characterizes the art and science of professional management. It is clear that decentralization is not only a device for the delegation or dispersal of administrative authority. Further, in a decentralized organization it is also essential to adopt the democratic norms. Such norms help the various levels of the administrative organization to develop a reasonable capability for the exercise of authority to reach the most desired decisions. Moreover, they help to assimilate in them the virtues of grater interactions not only among the various organizational levels but also between the organization and the clientele among the general public.

Decentralization refers to the physical location of facilities and the extent of dispersal of authority throughout an organization. Hence, it is an arrangement by which the ultimate authority to command and the ultimate responsibility for results is localized in units located in different parts of the country. It is argued that assigning of functions and responsibility, for their efficient and effective performance, to the decentralized organization lower levels are allowed to decide many matters and a few cases involving major polices or interpretations are referred to the higher levels of the organization. However, in common phraseology the term decentralization is interchangeably used with terms like deconcentration, devolution and delegation, though they have different connotations. Thus, decentralization denotes dispersal of authority among the lower levels of organization and its field offices.
The word decentralization is often confused with delegation, deconcentration and devolution, which is not correct. For instance, delegation is not a transfer of authority but it is simply an assignment of authority to a lower body by a higher level of government. Delegation is merely a technique of administration or management while decentralization deals with deep urgencies of democracy. Like delegation, deconcentration is also a technique of administration. Deconcentration denotes assignment of certain functions to the agent of the central or state government in the field. There have always been difficulties to govern the country from the centre so that the government is compelled to deconcentrate certain functions to its agents or officers in the field. Another synonymous term is devolution which is not very much different from deconcentration. The method of devolution is applied generally to the field agencies or staff. It is thus clear that delegation, deconcentration and devolution are simply the technical methods of efficient administration. The meaning and scope of decentralization are much wider and deeper. It is process of democratization of political power and thereby aims at achieving democratic values in practice. Decentralization aims at widening the area of people’s participation in decision-making, micro level political authority and autonomy through transfer of specific powers to people’s representative institutions at the bottom.

To make the distinction more clear Panchayat Raj is an example of decentralization. State government in India demanding for more powers, amounts to devolution. The district Collector, being vested with authority over development departments in the district is an example of deconcentration. The Commissioner of Police delegating powers to permit holding of public meeting
Significance of Decentralization:

Development Administration is basically oriented towards speedy socio-economic transformation. Hence, all throughout the developing world there is universal concern now to design new forms of administration to match the needs of development. Decentralization has been looked at as a singularly useful mode of administration to deliver the public services from convenient local centres close to the clients’ locality. Bringing administration to the doorstep of the citizen and establishing a direct relationship between the client and the administration have been the driving force behind decentralization in most of the developing countries.

The urge for decentralization has come from many sources. Firstly, it has been prompted by the need to deliver the basic public goods like food, housing water from local units of administration as soon as possible. Secondly, most people in the developing countries live in rural areas which are away from the national capital located in distant urban area. Administration has to penetrate the rural areas and link these up with the nation as a whole. Thirdly, in many countries sociological diversities manifest themselves in ethnic, linguistic and religious differences. Administration needs to be decentralized in response to regional diversities. Fourthly, regional and local resources can be utilized for area development purposes, only if administration would move out to the regions and localities. Decentralization, therefore, facilitate local planning and development with the help of local resources. Fifthly, decentralization has its own value in political and administrative terms. Politically, local participation...
in development activities, with intensive responses paves the way for meaningful articulation of local demands. Planning thus becomes much more realistic and receives ready political support. From the administrative point of view, local capability to govern local areas increases through sustained participation in local decision-making. Decentralization is expected to release local energies and enlist local support for development activities. In the process, the local community can steadily attain political and administrative maturity.

**Approaches to the Concept of Decentralisation:**

Different approaches to the concept have been defined in different ways by Fesler. Following classification, the approaches can be grouped into four categories; the doctrinal, the political, the administrative and the dual-role.

The doctrinal approach seeks to transform decentralization as an end in itself through a process of romantic idealization. The Gandhian concept of concentric circle of power distribution and the idealization of village community in Panchayat Raj have reduced decentralization almost to a dogma and as an article of faith. Instead of treating decentralization as a means to the achievement of some end values, such idealization tends to elevate it to the status of a hardened doctrine.

The political approach underscores the essentially political character of decentralization. Initiatives to decentralize, and willingness to pass on powers and functions to decentralized units, and to allow these units to actually operate within a framework of autonomy, are politically determined. Creation of field units of government, away from central headquarters, exemplify,
deconcentration. Decentralization in the shape of devolution to local self-government bodies marks an attempt to set up autonomous governments at the level of the locality. Field units of government like district administration are the long arms of the central government. To create and maintain local government is thus a major political commitment. In the absence of such commitment, devolution to sub-national government, including self-governing bodies, will remain more in law than in practice. This leads to what Fesler has called ‘illusory decentralisation’. Both Panchayat Raj and municipal government in Indian represent to a considerable extent this sort of façade devolution.

The administrative approach to decentralization is motivated by efficiency criterion. Enhancement of administrative rationality becomes necessary. When field administrative units are set up through a process of deconcentration, the measure is considered appropriate for field level decision making and prompt problem solving. In this process, administrative units might come up at many levels between the locality and the central headquarters. With more and more demand for specialized functions, multiplicity of functional departments would appear at the field level. The administrative situation gradually presents a picture of polarization between general area-based administrative demands and specific function centered claims of particular functional departments. Currently, district administration in India is faced with this problem of area function duality. Decentralization in administrative terms may not therefore always guarantee clarity of authority and orderliness of operations. To promote such operational principles, conscious attempts are
needed to readjust from time to time the conflicting claims of area and functions in de-concentrated field administration.

Finally, the dual role approach, as Fesler puts it, is a kind a rehearsal of the area function dichotomy in a new setting.\textsuperscript{12} Decentralisation is placed within a larger context of development and change, as distinguished from maintenance of status-quo. Conceived in administrative terms, the dual-role approach seeks to highlight the conflict in field administration between tradition and change. Most field administrative systems were evolved in an earlier era mainly to maintain the established order, to collect revenue and to keep things from going wrong. Almost all the developing countries that have inherited the colonial field system are seeking to bring about speedy social and economic change. The functions of field administration have changed radically as a consequence. To quote Fesler. “The intent is to change established ways to doing things so as to carry economic and social development forward rapidly. This contrasts with the status quo orientation of a field system geared to maintenance of the established order and may conflict with the personal orientation to field generalists so choosen and trained as to identify themselves with the classes, families, and other groups who constitute the establishment.”\textsuperscript{13}

Resolution of conflict between two different orientations in field administration calls for adaptation of decentralization to changing circumstances. The theme is not unfamiliar to Indian administration in general and to district administration in particular.
Types of Decentralisation:

Four different types of decentralization can be identified viz., administrative, functional, political and geographical. Administrative decentralization refers to the decentralization of authority to the lower officials in the administrative of organizations. It may also mean decentralizing powers or functions to the subordinate units. Functional decentralization implies that the functions are decentralized to the specialized units or departments like education or health. Political decentralization involves that the political powers and functions concentrated in the hands of higher level political organs are decentralized to lower level political organs. The Panchayati Raj agencies are units of decentralization wherein political powers of decision – making are decentralized from state government to Panchayats, Samitis and Zilla Parishads. Finally, in geographical decentralization, the powers and functions of headquarters are decentralized to the field offices for executive performance; for example, most of the powers of the heads of departments are decentralized to their field officers at the regional and district levels. This facilitates quick decision – making keeping in view the local requirements.

Aspects of Decentralisation:

From the preceding discussion on the concept of decentralization, it is quite evident that decentralization has five aspects, two of which are of administrative nature, one political, one geographical and one functional.

Some Examples of Different Aspects of Decentralisation:

i) Political:

In India Panchayati Raj System is nothing but a political aspect of decentralization.
ii) **Administrative I**: 
In a university, when the subordinate officers such as Registrars, Deputy Registrars and assistant Registrars are authorized to decide the majority of the cases and comparatively few questions are referred to the Vice-Chancellor.

iii) **Administrative II**: 
Department of Education of each state may have individual component parts with broad powers granted to them and only essential powers of control retained in the head-office.

iv) **Geographical or Territorial**: 
Northern Railways has filed agencies and officials scattered in various places within the area of its jurisdiction. If these agencies and officials are allowed to decide most of the problems on the spot, or when local bodies are given large powers to cater for the needs of their local population.

v) **Functional**: 
When educational questions are decided or left to the Universities and Boards of Education. Similarly, medical questions are left to medical units, engineering questions to engineering units and so on. Thus, functional decentralisation is an issue of relationship between the general administrator, who is generally an I.A.S. officer, and his technical staff, who are technocrats. If the administrative head e.g., Secretary of a Health Department interferes with the decisions of the Director Health
regarding the kind of medicines to be stocked and the methods of treatment to be adopted, there can be functional decentralization.

**Deference between Delegation and Decentralisation:**

To have clarity about the concept of decentralization, it is better to know the difference between Delegation and decentralization. It can be explained in the following manner.

i) Delegation is a process. The process includes identifying the parts of the job that can best be passed along, ways for getting others to accept these positions of the job, and ways for checking and controlling the related activities. On the other hand decentralization is the end result of a deliberate policy of making delegation wide spread in the organization.

ii) Delegation generally takes place between the superior and the subordinate while decentralization involves delegation as between the top management viz-a-viz middle management and lower management e.g., decentralisation to the district level offices.

iii) In delegation control rests completely with the delegating authority, but in decentralization, the top management may exercise the minimum of control in a broad way and delegate the authority to control the divisions concerned.

**Features:**

From the above discussion, it is clear that the major characteristic of a decentralized structure is that decision – making is done at the lower level. It can also be said that some decentralization characterizes all organizations, but
there cannot be absolute decentralization, for if the Central Government should delegate all its authority to the states, its status as central Government, its position will be eliminated, and there would, again, be no Central Government. Centralisation and decentralization are, therefore, tendencies; they are qualities like ‘hot and cold’. It has been stated by the scholars that the degree of decentralization of authority in an organization is greater when.

i) The number of decisions made by the lower down management hierarchy is greater. For instance in India political decentralization will be greater if the number of decisions made by the local bodies (being the third layer of Government) is greater.

ii) The more important decisions are made by the lower down management hierarchy. For example, the greater the sum of development expenditure that can be approved by the Panchayat Samiti in a system of Rural Local Government without consulting the State Government, the greater the degree of decentralization in this field.

iii) More functions are affected by decisions made at lower level. Thus, organizations (discussing in terms of administrative decentralization) which allow only operational decisions to be made at separate branches are less decentralized than those which also permit financial and personnel decisions at branch level.

iv) There is less checking required on the decision. Decentralisation is greater when no check at all is to be made; less when superiors have to be informed of the decision after it has been made; still less if superiors have to be consulted before the decision is made. The fewer people to
be consulted, and the lower they are on the managerial hierarchy, the greater the degree of decentralization.\(^\text{17}\)

Ernest Dale has further identified the following characteristics as mark of decentralization in a large corporation.

v) The administrative unit that usually covers the company organization as a whole as all its plants are broken down into smaller administrative units either on a geographical or product basis. For instance Indian Railways have been broken down into administrative units on a geographical basis.

vi) Provision is made for effective utilization of a centralized staff of specialists to aid the decentralized operations.

vii) The chief executive may be provided a series of general staff.

viii) Control system is designed in such a way so as to ensure that chief executive can see how well the delegated authority and responsibility are exercise.\(^\text{18}\)

**Benefits or Contribution of Decentralisation:**

The needs of the majority of developing countries are clear, as discussed in the preceding pages. Development is required on a very wide front to remedy poverty, ill-health, illiteracy and superstition. To bring to the rural areas the vital services of health, education and agriculture, the government must deconcentrate; to seek to change ways of life, it must persuade by demonstration and provide leadership.\(^\text{19}\) However, the ultimate motive should be to arouse enthusiasm and long term support if the
programme is to be achieved through devolution. Local authorities provide the opportunity for local people to participate in local decisions and local schemes within the general national policies and to act above all, as local centres of initiative and activity conductive to development. Since decentralization is a twin process of deconcentration and devolution, as already stated, the advantages stemming from these processes will be the advantages of decentralization.

1. **Shortcomings of centralisation:**

   The shortcomings of centralization enable us to lean upon decentralization and they were fully emphasised by Mahatma Gandhi from time to time. He was fully convinced that the main short comings of the British rule in India was centralization of powers and it resulted in a wide gulf between the government and the people.

   Arguments against the centralization are:

   i) It results in the congestion of business at the higher levels of administrative ladder.

   ii) Creates bottlenecks.

   iii) Causes delays in making decisions and implementing them.

   iv) Central authorities lack adequate knowledge of local conditions and problems.

   v) Reduces opportunities for the popular initiative and participation in administration and

   vi) It is denied that centralization is necessary for economy and efficiency.
Thus centralisation, in itself, favoured decentralization because of the distrust of handing over too much powers to a single authority. That is why Lord Action had to remark that power corrupts a man and absolute power corrupts absolutely.

2. **Improvement in Communication:**

   By deconcentration of authority, the improvement in communication is two fold.

   First, it enhances the knowledge of central departments by having out-posted officers.

   Secondly, the people themselves communicate with the field officers. Such a communication is likely to be more practical, quicker, and leading to more understanding. This flow of information facilitates the central organization to formulate policies and programmes in accordance with the tradition and the needs of the people.

   Further, a two-way flow of information is invaluable. To the villager, there can be no meaning, no significance in national plans and policies unless someone can translate them into actual examples locally.

3. **Implementation of Programmes and Policies can be Rapidly Attained:**

   The implementation of programmes can be done rapidly by using field officers whether the object of their efforts is to persuade the village communities and individuals, or to work with, and through local authorities.
4. **Protects the rural people from Exploitation:**

By deconcentration, of authority, in addition to succour in national calamities, there is also the advantage that field officers can protect the rural people from exploitation. Such an exploitation may come from the commercial groups or from the minority groups within the locality itself who seek to make the most out of the ignorance of backward people in a modern economic situation.

5. **Relieves the Top Management Load:**

A decentralized system lays stress on delegation of authority. Such a situation will, therefore, relieve the top management from routine and time consuming functions. This will provide the chief executive enough time to concentrate on planning, coordination and control activities.

6. **Morale Boosting:**

By decentralization of the decision of the decision-making powers, the morale of the organization, both operative and executive, may be greatly improved. It has been pointed out that decentralisation fosters initiative and good morale in lower level executives because of the freedom to make decisions, freedom to use judgement and freedom to act. On this count the Indian experts point out that decentralization facilitates experiments by various units by not committing the entire organization to particular course of action.²¹

7. **Public Participation:**

Decentralisation, in the sense of public participation in the administration, is really very useful. The remoteness between people and administration is over and there is close rapport between the two. This in turn
improves the tone of administration and makes the people to take interest in the administration of the country.

8. **Avoids Delay in Decision-Making:**

   By decentralization, delay in decision making can be avoided. In a decentralized structure subordinate executive can make decisions without waiting for the directions/approval of their actions from the superiors. This brings flexibility in the administration and changes can be made into it with the change in circumstances. The central level authority gets ample chances to benefit from the experience and advice of the staff working in the field at a lower level. In the words of Charles Woth, “Decentralisation has a more important justification than mere administrative efficiency. It bears directly upon the development of a sense of personal adequacy in the individual citizen”.

9. **Developing Executive Ability and Initiative:**

   Decentralisation facilitates and encourages the development of executive ability and initiative on the part of the individuals within the organization. The studies on decentralization show that future executives develop best when they are given authority and responsibility to manage something.

10. **Satisfying Geographical Aspirations:**

    In a federal state also decentralization plays an important role. The states are given sufficient powers in a federation, so that they may be able to function in proper way as units of Local Government. In this sense, United States of America has been able to satisfy geographical aspirations of the people by giving residuary power to the states. The states have their own
constitutions. Although Indian is a democratic country yet our constitution does not satisfy the geographical aspirations in the real sense of the term. Because of excessive centralization, states are not free to decide on state subjects because residuary powers, unlike U.S.A., are retained by the centre.

11. **Stimulation for Informal Structure:**

   The advocates of decentralization opine that decentralization tends to stimulate the informal structure to respond in an effective manner in pursuit of organizational goals. It has been pointed out by Albert K. Wickesberg that individuals can see the results of their own actions and decisions more readily and therefore, develop a greater interest in and greater responsibilities for results.\(^22\)

12. **Possibility of Effective Control:**

   Newman, Summer and Warren opine that by making both measurement and accountability more clear – cut, decentralization enhances the possibility of effective control. The persons given the responsibility to manage the affairs can be held accountable for their activities. If the results are not encouraging they can be required to take corrective action; if they are good, the officers can be generously rewarded.\(^23\)

13. **Adopting New Techniques:**

   In a decentralized system new ideas and techniques can be adopted or put into action more easily and quickly because old organizations based on centralization may not be very much responsive to change.
14. **Possibility of Better Decisions:**

By delegating the authority at the lower level, the possibility of improving the quality of decisions is more, because they are taken by those who are closer to the point of operative performance and are well versed with the aspirations and requirements of local people.

George R. Terry also pointed out the following additional benefits of decentralization:

i) Intimate personal ties and relationships can be promoted, resulting in greater employee enthusiasm and coordination.

ii) Efficiency is increased since the structure can be viewed “as a whole” so that trouble spots can be located and remedied easily.

iii) The development of ‘generalists’ rather than specialists is encouraged, thereby facilitating succession into position of general managers.

iv) Familiarity with important aspects of special work is readily acquired.

v) Risks involving possible losses of personnel facilities and plants are spread out.

vi) In multi-unit-enterprises (For instance Steel Authority of India) keyed to geographical dispersion, full advantage of respective local conditions can be obtained.

vii) In a decentralized system, management by objectives becomes more effective.  

24
viii) Decentralisation tests men in independent command early and at a reasonably low level.\textsuperscript{25}

**Demerits of Decentralisation:**

Some of the thinkers are inclined to think that decentralization may unfortunately imply a weakening of the centre of an organization. The following are considered to be the demerits of decentralization:

i) It may lead to overlapping or duplication of efforts, especially in those cases where the activities and responsibilities are not clearly defined.

ii) In a decentralized structure emergency decisions are not possible.

iii) It is not easy to adopt uniformity and coordination in policies.

iv) By decentralization many of the staff functions at headquarters may have to be duplicated. Such an exercise, in turn, may increase administrative expenses.

v) To find executives with the capacity and willingness to work more effectively within the system may become a problem.

vi) In a decentralization system, it is difficult to adjust to changing economic conditions.

vii) It is quite possible that in a decentralized structure full and maximum utilization of talented and highly qualified and experienced personnel may not be permitted.

viii) It might lead to lack of uniformity and lowering of standards in decision-making.
There is every possibility that each unit of an organization may try to optimize its performance at the expense of other unit.

Excessive decentralization may prevent the cost saving efficiencies of specialization.\(^{26}\)

**Factors affecting the Nature and Degree of Decentralisation:**

Our discussion has probably implied that decentralisation is some how better than centralization. However, neither concept is ideal nor intrinsically good or bad. The issue of centralization and decentralization should not be considered as a magic key for all the ills of an organization. The organizations which had adopted this concept blindly have experienced substantial control and cost problems.\(^{27}\) Thus centralization or decentralization can be universally applied at any time. They have a situational relevance. The key to effective decentralization is the proper balance between what is to be centralized and what is to be decentralized.\(^{28}\) The degree and the nature of decentralization will be generally influenced by the following factors.

1. **Character and Ability of the Chief Executive:**

   The character and ability of the chief executive has been considered to be probably the most important single factor affecting the extent of authority delegation.\(^{33}\) If he is autocratic and suspicious (like Henry Ford and William Lever) and considers himself infallible, he would like to take all the major decisions himself which would lead to centralization. In this regard it has been rightly said that autocratic management with the chief executive as fountain head of all wisdom limits the possibility of decentralization.\(^{29}\) However, if the chief executive is democratic, he intends to train his youngsters, has faith in the
skill and ability of his colleagues, and desires to boost the morale of the people/employees, he would delegate his decision – making authority at the lower level, leading to decentralization of structure. That is why it has been pointed by some scholars that democratic management, where each individual is respected for his inherent worth, builds up loyalty and permits greater delegation of authority.\textsuperscript{30}

If we examine this factor in the Indian perspective, it is quite evident that, Late Mrs. Gandhi, (the real political chief executive of our country), in spite of her boldness and diplomatic qualities, was suspicious and less democratic than her son late P.M. Rajiv Gandhi. The result was that trends towards centralization gained momentum soon after the death of Pt. Nehru.

2. General Conditions and Phase of Development of a Country:

Perhaps the overriding factor determining the extent of decentralization in a country is its general condition and phase of development. The degree to which the government is prepared to decentralize will in turn depend upon its confidence in the unity of the country and in the ability of those in the field whose judgement will have to be relied upon.\textsuperscript{31}

3. Political Factors:

Political factors too may bear upon the effectiveness of decentralization. Some parties and some politicians are against any competitive centre of power outside the capital and hence resist any move to create effective local government units which may weaken their position. However, the present circumstances are all together different. The political scene at the national level
has changed completely. The Central Government headed by Atal Behari Bajpai has its own compulsions because a large number of State level parties are the part of national government. An era of decentralization has started because of political compulsions.

4. **Management Philosophy:**

The management philosophy of an organization has an important influence on the extent to which the authority is decentralized. The studies have shown that it is the objective of some organizations that their main function is not merely accumulation of profit. In fact, for them executive development becomes more important than making profit. Therefore, they find in decentralization programmes, tremendous opportunities for training in leadership and initiative.

5. **History of the Organisation:**

Whether authority will be decentralized frequently depends on the way the organization has been built.\(^3\) If the organizations develop from within, that is from small structures to complex structures, they show a marked tendency to keep authority centralized. However, the organizations which are born as a result of amalgamations and consolidations are likely to show, at least, a definite tendency to retain decentralized authority. For example, Life Insurance Corporation of India is decentralized because it was born as a result of nationalization of insurance companies. Similarly, World Health Organisation is decentralized as it was born out of a number of regional organizations existing at that time.
6. **Economic Size:**

The extent of decentralization depends upon the size of the organization. Considerable increase in efficiency is likely to result in making the unit small enough for its top executives to be near the point where decisions are made. This will facilitate decision-making and keep executives from spending time in coordinating their decisions with many others. This will also reduce the amount of paperwork, and improve the quality of decisions. Similarly, the character of the units is also important. For decentralization to be thoroughly effective, the organization must possess a certain economic and managerial self-sufficiency.

7. **Nature of Functions:**

The variety of functions an agency performs may affect its readiness to decentralize operations. An organization with a limited nature of functions has a relatively simple problem of analysis and decision in order to determine appropriate degree of decentralization. On the other hand if the organization is performing multi-functions, to reconcile the different view points may become a difficult proposition, with the result that either no decentralization occurs or each division decentralizes as it chooses.

8. **Costliness of the Decision:**

The most important factor determining the extent of decentralization is, as in other aspects of policy, the criterion of costliness. Generally, the more costly the action to be decided, the more probable it is that the decision will be
made at the top level of management. Studies show that the expenditure on the machinery of decentralization in many organizations has been rewarding.

9. **Desire to Obtain Uniform Policy:**

The extent of decentralization will also depend upon the desire to obtain uniform policy. Those who value consistency above all are invariably in favour of centralized authority. The advocates of uniformity of policy opine that standardized accounting, statistics, and financial records make it easier to compare relative efficiencies of departments and keep down costs.

10. **Stability of Policies and Methods:**

Stability of Policies and Methods is fundamental to decentralization. So long as headquarter itself is infirm over these, the confusion would be worse confounded if field agents were turned loose with unguided decision-making authority. Thus, the decentralization should take place only when the policies and methods have been stabilized at headquarters.

11. **Desire for Independence:**

In fact, it is characteristic of individuals and of groups to desire a degree of independence. Individuals may become frustrated by delay in getting decisions, by long lines of communication. This frustration can lead to dangerous loss of good people. In such a situation the extent of decentralization may increase.
12. **Availability of Competent People:**

The shortage of managerial talent limits the extent of decentralization of authority; since dispersal of decision-making assumes the availability of trained managers. Thus, it is a need of the hour to train the managers before transferring the powers of decision-making to them. The key to safe decentralized system is adequate development and motivation of managers.

13. **Development of Control Techniques:**

Another important factor affecting the degree of decentralization is the state of development of control techniques. Not knowing how to control often explains unwillingness to delegate authority. It must be understood that to decentralize does not mean to lose control, and to push decision-making down into the organization is not to abdicate responsibility.

14. **Dynamic Character of an Organisation:**

The dynamic character of an organization may affect the degree to which the authority may be decentralized. If an enterprise is growing fast and facing complex problems to expansion, this may force the managers to delegate authority and take a calculated risk on the cost of error. Since at the lower level, there is inadequate trained manpower, close attention is given to rapid formation of policies and accelerated training in management.

15. **Urgency for speed and economy in Operations:**

Decentralisation is also affected by the need for speed and economy in operations. Such operations must satisfy the citizens and clients of the organization and must meet budgetary and efficiency goals. That is why J.S.
Mill recommended the vesting in the local agencies not only the execution, but, to a great degree, the control of details. On this count, the views given by Alexis de Tocqueville are quite significant when he remarked, “Indeed I cannot conceive that a nation can live and prosper without a powerful centralization of government. But I am of the opinion that a centralized administration is fit only to enervate the nation in which it exists by incessantly diminishing their local spirit. Although such an administration can bring together at a given point all the disposable resources. It may ensure a victory in the hour of strife, but, it gradually relaxes the sinews of strength. It may help admirably the transient greatness of man, but, not the desirable property of a nation”.

16. Environmental Influences:

The determinants of the extent of decentralization discussed so far have been largely interior to the enterprise. However, there are definite external forces affecting the extent of decentralization. The most important ones are governmental controls, national unionism and tax policies of the government. Government regulations of many kinds makes it difficult and sometimes impossible to decentralize. In the same way, the rise of national unions, during the last five decades has led a centralizing influence on the business. The tax system of the national, state and local governments too has had a marked regulatory effect.

We have discussed that there are a number of factors, external and internal, that will decide that trend towards centralization or decentralization. However, on balance, the answer to the problems of what is the optimum degree of decentralization is that it depends on the situation. It has been rightly
suggested by the scholars that in determining the degree of decentralization some vital questions may be considered, which are:

i) Who knows the facts on which the decision will be based or who can get them together most readily?

ii) Who has the capacity to make sound decision?

iii) How significant is the decision?

iv) Must speedy on the spot decisions be made to meet local conditions?

v) Must the local activity be carefully coordinated with other activities?

vi) How busy are the executives who might be assigned planning task?

vii) Will initiative and morale be significantly improved by decentralization?

An analysis and weighing of the above mentioned seven factors can provide us the required insight into the proper degree of centralization or decentralization. But even then the managerial task of organizing calls for a high degree of judgement.

Thus, in the ultimate analysis we can conclude that centralization is not a system of management good or bad of itself, capable of being adopted or discarded at the whim of the managers or of circumstances, it is always present to a greater or less extent.

Breech has rightly stated that centralization and decentralization are not clear-cut alternative states existing in readymade form and applicable here and there, very much like taking one or other of alternative patent medicines. It has
been pointed out that centralization is necessary for the arrival of an enterprise as a large-scale organization while decentralization is necessary for “Survival” of the industry.

**Decentralisation in India:**

If we examine the question of decentralization in England it is clear that though there had been decentralized units of local self-government, yet their functioning was highly centralized. In England at the grass-roots level there had been Parish meeting and Parish Council, immediately above that there had been rural districts and urban districts, and at the higher level of local self-government three types of institutions viz., administrative country, non-country borough councils and county borough councils existed. Their functioning was highly centralized as the institutions at grass-roots level were under direct control of administrative county. It was only in 1967 that a Royal Commission on local self-government popularity known as Redcliff Moad Committee, was appointed and only by the Act of 1976 the local self-government in England, were rationalized based on real decentralization. Now, in England we have metropolitan councils, non-metropolitan councils, urban districts, rural districts and Parish’s working on decentralized pattern.

A highly centralized imperial rule was gradually decentralized at the level of the provinces with the Government of India Act 1919 and the Government of India Act 1935. Under the Act of 1919, as a sequel to the Montague – Chelmsford Reforms, Dyarchy was introduced in the provinces. This meant that certain departments were from the first time put in charge of elected ministers responsible to the legislature, and the remaining departments were kept in the
charge of government officials, the Members of the Governor’s Executive Council. The Act of 1935 for the first time introduced a federal form of government and conferred Provincial Autonomy on the provinces subject to certain safeguards.

This process of decentralization of powers from the central government to the provincial governments was deliberately pursued during British Indian Rule for a variety of reasons such as administrative convenience, political pressure generated by the national freedom struggle, and the need for political accommodation of the elite and the intelligentsia.

There was another kind of decentralization effort noticeable during the colonial rule namely the policy of setting up local self-governing bodies in urban and rural areas. It is this form of decentralization at the grass roots level that continues to raise doubts and debates even today, and this decentralization debate has assumed considerable significance in recent times for two important reasons. First, poverty alleviation and social justice have become a major political agenda, institutional decentralization in this context, is being debated. Second, the Panchayati Raj Institutions have been languishing in most states, absence of a constitutional guarantee has been diagnosed as the cause of Panchayati Raj decay.

Pre-Independence Period:

The decentralization debated during colonial rule can be traced to the famous Ripon Resolution of 1882. To train the Indians in the art of governance, to enable them to learn from experience and to open up avenues for political participation of the educated class, Ripon strongly advocated the cause of
decentralization of administration through the establishment of local self-governing institutions. The British administrators were not prepared to accept the Ripon thesis as they questioned the competence of Indians to manage local administration under a local self-government regime. The debate was essentially over the choice of values; democracy or efficiency. With the rising tempo of freedom struggle, the imperial policy had to however willingly concede Indian demands for self-government and participation in administration.

**Post-Independence Period:**

The second phase of the debate in post-Independence India was staged on the floor of the Constituent Assembly. Panchayati Raj was an important component of Mahatma Gandhi’s vision of future India in which economic and political power would be decentralized and each village would be self-reliant economically. It was in deference to the wishes of the Mahatma Gandhi that Article 40 of the Constitution of India was adopted stipulating that the State shall take steps to organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self – governments.

Dr. B.R. Ambedkar, however, had a different view of the Indian rural society. He argued in the Constituent Assembly that the Indian social structure at the village level was hierarchical, oppressive and insensitive to change. In his view, it would be dangerous to give power to the Panchayats as he thought that would mean giving powers to the prevailing rural power structure which would work to the detriment of the Harijans and the rural poor. Two contrasting views about decentralization has thus surfaced in the Constituent Assembly a
Any scheme of decentralization presupposes a harmonious society. As Dantwala has observed: “In an unequal society, democratic or decentralized political or planning mechanisms do not succeed in ensuring genuine people’s participation: The Gandhian vision of village society is a normative model that serves the purpose of a guidepost. But the reality of rural life and the experiences of Panchayati Raj in India seem to have largely confirmed the belief of Dr. Ambedkar. It is interesting, in this context, to note the observations of the Ashoka Mehta Committee Report on Panchyati Raj institutions: “Panchayati Raj institutions are dominated by economically and socially privileged sections of society and have as such facilitated the emergence of oligarchic forces yielding no benefits to weaker sections.”

The decentralization debate has its roots as the conceptual level. The concept of Panchayati Raj has been far from clear and as the Asoka Mehta Committee commented: ‘Some would treat it just as an administrative agency; other as an extension of democracy at the grass – roots level; and still other as a charter of rural local government.’

The bureaucracy – democracy debate over decentralization which is as old as the Ripon reforms of the late nineteenth century has been rehearsed in recent times as well. When it came to entrusting local developmental responsibilities, most state governments opted for their official field machinery and virtually by passed the Panchayati Raj institutions for one reasons or the other. ‘The lukewarm attitude of the political elite at higher levels towards
strengthening the democratic process at the grass-roots was generally the crux of the matter.’

In this connection it may be clarified that the British system has been organized on decentralized lines, whereas the French system is based on deconcentration. For example, the local government institutions in England have emerged from two different streams. Some of them trace their origin to pre-historic days when the United Kingdom has not yet come into existence. At that time, they were petty Kingdoms, loosely organized and primitively administered. In the process of unification that followed, they retained some of the powers with them and made over the rest to the new Kingdom. As years rolled by these powers were further development and strengthened.

The second category comprises those units, which are the product of the later times. In the wake of the industrial revolution, a number of new towns and boroughs rose to eminence. These granted royal charters and other concessions, which conferred on them the municipal status. Local autonomy thus achieved by various units came to be considered a prized possession by each one of them. They would zealously safeguard and keenly protect it. The Central Government would not unduly interfere in their affairs, though, of late, some adverse forces, threatening central aggression have emerged. But still local autonomy continues to be very much intact.

On the contrary, France since good old days, has been a closely knit, centrally administered state. Its kings and emperors took hard pains to protect its unity and integrity. It is in pursuit of that aim that they had appointed prefects and other emissaries to look after their interests. These central government
agents ruled localities strictly according to the dictates of their masters. Later on, when the emerging force of democracy made people clamour for a share in the decision – making process of the country, local councils, consisting of the popularly elected representatives of the inhabitant of the communes were created. But these councils could not somehow secure an upper hand over the prefects and other local officials, the latter continued to wield both power and influence. The local councils came to function under their supervision, direction and control. They were, however, connected some power and authority. But they could not acquire that status and statute which institutions of local self – government possess elsewhere in the world. They function more or less, as subordinate units, acting at the behest of the prefects.\textsuperscript{38}

The term democratic decentralization has been described in India by various names, as for example, functional democracy, grass – root democracy, building from below, Panchayati Raj, etc. However, these nomenclatures do not truly reflect the spirit behind democratic decentralization. For, in all of them, much more importance has been assigned to democratic element than to its development aspect.

To properly analyse the concept of democratic decentralization: the term democracy though literally meaning the rule or power of the people, is in fact a very comprehensive concept. Apart from being a way of life, it is essentially a form of government, based upon the fundamental assumption of equality of all individuals and their equality of all individuals and of their equal rights to life, liberty, and the pursuit of happiness. In its totality, democracy, therefore, implies that any democratic structure entrusted with the task of development and administration is expected to be not only democratically constituted.
according to the principle of election but should also reflect people’s free will and function according to the wishes and needs of the locality. In other words, they reflect the element of democracy both in their constitution and in their day-to-day functioning.

The above study shows that the idea behind democracy is that it involves a large number of people in the decision making process. It bases political authority on the will of the individuals who by a process of co-operation make decisions that are binding on the whole community. At the lower levels where the size of the citizenry involved is not very large and unwieldy, all the adults are directly associated with decision-making. This type of democracy is described as participatory democracy. At the higher echelons, direct association becomes difficult. Hence the method of representation is resorted to. In that case the democratically elected people’s representatives take decisions on behalf of their constituents. This type of democracy is described as representative democracy.

To conclude, the concept of democratic decentralization implies the devolution of sizeable powers and responsibilities by the central government through properly enacted legislative measure to the democratically created territorial units. Under this arrangement, the units of local government enjoy, more or less, complete autonomy within the territorial and functional jurisdiction that is thus delimited to them.
NOTES AND REFERENCES


2. *Ibid.*, 


10. Quoted from *A Handbook on Indian Administration*, p. 15.


25. Ibid.,


29. Ibid., p. 432.


34. Ibid.,


