CHAPTER 2

DECENTRALIZATION, DEMOCRATIC DECENTRALIZATION AND THE ANCIENT INDIAN PANCHAYATS

2.1.0. Introduction to the Concept

Decentralization is a process whereby centralization is reversed so that power is shifted from central political and administrative bodies answerable to a single executive, to a multitude of quasi-autonomous bodies. The concept embraces a variety of meanings according to the context in which the term is used, depending on the person who uses it and the place where it is used. It has often been put forward as a remedy against the concentration of power and as a means of ensuring that the needs and expectations of the common citizen are respected. Decentralization also aims at removing congestion at the centre, thereby facilitating speedier decision-making and also more effective action with reference to urgent or peculiar local problems. The ultimate purpose of decentralization is maximization of human autonomy and creativity that ought to be achieved in the relation of each individual citizen to his community and of one particular community to the totality of communities.

2.1.1. Power, its Location and Sharing

Generally stated, the concept of decentralization is related to the question of power, its location and sharing. Political theory has always been concerned with the problem of power and its location. While the Magna Carta of the 13th century did result in some curbs on the absolutist character of monarchy, it was the later contributions of political thinkers like John Locke and Jean Jacques Rousseau which provided the basis for the nascent idea of democracy and popular sovereignty. Montesquieu condemned the practice of concentrating legislative, executive and judicial powers in the hands of a single body or person lest it should lead to the infringement of the liberty of the citizens. The pioneers of the American Constitution also had to struggle with the issue of power and its location. They had

to create unity among the thirteen colonies which were not prepared to transfer power to the new centre. The modern notion of federalism, another form of decentralization, is, therefore, an essentially American contribution, a strategy aimed at real devolution of power to the regional governments, a strategy which seeks to reconcile regional differences with national unity. A federation is a free creation of parts and the condition of the parts is, therefore, self determined.

Analogously, the concept of decentralization has emerged against the tendency of centrally controlled power systems. The idea of rationality that dominated Western culture and social life since the seventeenth century involved a belief in big, or, in other words, a highly centralized system. It has received indirect support from its: emanation, since the time of Descartes, Spinoza, Leibnitz and Newton, of science and philosophy involving the systematization of all knowledge and its exact derivation from a number of central principles. The ideal of political organization exemplified in absolute monarchies, philosophically expressed in Hobbes and Hegel, and revived in new forms after dramatic twentieth century upheavals (the great depression in the West and incomplete socialist revolutions in the East), implied an excessively centralized state in the name of security reason, justice, management, etc. It favoured a steady trend towards more centralization in Western countries.

Against the tendency towards greater centralism many thinkers, belonging to the political tradition of anarchism, and also some contemporary ecologists, advocated some sort of extreme decentralization assuming that all big systems are intrinsically bad. Leo Tolstoy, an anarchist political philosopher (1828-1910) condemned a highly centralized state, while Henry David Thoreau (1817-1862) another anarchist, envisaged a government at the centre which governs the least. William Godwin (1756-1836) visualized a central government fully circumscribed as a safeguard against tyranny. Thomas Hodskin (1787-1869) desired the absence of political authority, so that people can enjoy their natural rights. Pierre Joseph Proudhon (1809-1865) upheld anarchism to ensure liberty and freedom. To Josiah Warren (1799-1874) the necessity for government arises only from evils in society. Mikhail Aleksandrovich Bakunin (1814-1876) emphatically rejected all the institutions of political control. Also, Kropotkin, Benjamin Tucker and others equated the betterment of the lot of the people

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with an extreme form of decentralization.

Decentralization, whether in moderate or in its extreme form, has become one of the crucial issues in the Third World countries in connection with political or economic restructuring of nations, although it is often used in the context of Public Administration\(^1\). The problems of providing public services and infra-structure in developing countries have brought increasing calls for decentralization and many governments are now decentralizing responsibilities at the lower levels. However, issues involving the desirable extent of decentralization of services and finances, the choice of the most feasible and effective organizational arrangements, the admissible measure of authority over the citizens etc., remain inconclusive and hotly debated.\(^2\)

2.1.2. Decentralization and Decision-Making

In its general sense the term 'decentralization' also means vesting of the power of decision-making with the sub-centers. Decision-making is admittedly the essence of administration. Decisions are taken on administrative matters, policy issues, and also on the implementation of the decisions taken. The question is who is to make the decision and at what level? The right to decide can be vested with the bodies democratically elected or nominated or with a body of officials called civil servants, government staff or even non-officials. However, in recent years, in the Third World countries, the demand for some degree of participation of the people in decision-making has been widely recognized due to the emergence of concepts like welfare state, participatory democracy etc.

An organization is said to be centralized in the extreme sense if the power of decision-making

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1. For the norms of Public Administration see, P.R. Krishna Iyyer, Public Administration with Special Reference to India, New Delhi, 1988, pp.72-84.

Various theories have been advanced to explain the concept of Public Administration depending on its approach, i.e., whether 'Mechanistic or Humanistic.' 'The Mechanistic Theory' views Public Administration as a mechanism, or, formal structure built up to a clear plan, or a systematic integration of interdependent parts to form a unified whole. The 'Humanistic Theory' (also known as Behavioural Theory) is related to human behaviour that influences the nature of administration. Henry Fayol, (1841-1925) divides all activities into various classes like 'Technical,' 'Commercial,' 'Financial,' Accounting and 'Administrative.' He also propounds the principles of organization like division of work, authority, discipline etc., According to him, centralization/decentralization is one of the principles. Max Weber developed the 'Bureaucratic Theory' and highlighted the bureaucracy as a means of realizing the goals of administration.

is vested with the authority at the top levels that the lower ones have to refer most of the problems to
the head of the organization or his immediate subordinates for decision. A decentralized organization
on the other hand is one in which the lower levels are allowed the discretion to decide most of the matters
which come up, reserving comparatively a few bigger and more important problems only for higher
echelons. The fewer the subordinate centers of decision-making an organization has, the more
centralized it is, and larger the number of such centers, the more decentralization there would be. Vesting
of much authority with the elective local bodies makes the administrative system more
decentralized, while vesting much authority with the officials of the central government makes it
centralized. Also one can say that transfer of authority from the lower level to the higher is
centralization, while the reverse is decentralization.

The approach of different categories of power groups to the question of sharing power varies.
Bureaucratic approach more or less leans on the side of least possible delegation in the name of
uniformity, standardization etc., while the non-bureaucratic approach argues for more decentralization
and dispersal of authority for better efficiency, greater autonomy, area functioning and idealization of
administrative systems.

2.1.3. Centralization vs. Decentralization

'Centralization' and 'decentralization' pull in opposite directions. Centralization is the
concentration of authority at or near the top, while decentralization is the dispersal of authority among
a number of local units or persons. Centralization implies the transfer of authority from a lower to
a higher level of government; the converse of this process is decentralization. Centralization means
the pooling of decision-making at one point while decentralization means the dispersal of decision-
making among numerous points. Decision-making in the former is mono-central and in the latter multi-
central or decision-making in the former coheres in the centre or the head and in the latter, it is diffused
over the periphery where decisions are processed in the field. Centralization caters to the national urge

2. Background Materials for the Discussion on the Kerala Panchayati Raj Bill, Kerala Legislative
of the centre for complete control of the organization while decentralization is a concession to local sentiment. Decentralization is not merely the negation of centralization, but it is a positive process.¹

2.1.4. Forms of Decentralization

'Centralization' and 'decentralization' are not universally valid principles, they have only a situational relevance. The decision in favour of one or the other depends on responsibility factor, the administrative factor, the functional factor, and the external factor. However, the general forms of decentralization are administrative, economic, political, geographical (territorial) and functional. These forms may also be called aspects of decentralization.

a) Administrative

As an administrative form, decentralization can be used for a wide range of purposes for good or evil which depends on the motives and intentions of the persons at the helm of affairs.² Administrative aspect includes delegation of authority and transfer of power to individual units. The delegation of authority is held in such a way that large areas of discretions are entrusted with subordinate officers and comparatively few questions are referred to the chief at the apex. The other administrative aspect, called transfer of powers, is usually done by granting power to individual component parts of the organization retaining only certain essential powers of control in the head office. Dennis Rondinelli et al., define decentralization from an administrative perspective, as the transfer of responsibility for planning, management and the raising and allocation of resources from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporation, area-wise regional or functional authorities or non-governmental private or voluntary organizations³.

b) Economic

From an economic point of view, decentralization can be called a process of restructuring the economy for a high rate of economic growth and better distribution. Economically, it articulates the rolling back of the economic functions of the central government on a liaison with the local community organization. Management in financial responsibility is at the core of economic decentralization. Two major approaches to economic decentralization policies in developing countries are neo-classical approach or economic theories of 'Public Choice' and the other, purely a 'Financial' approach. The former approach relies heavily on deductive hypothesis about the nature of goods and services, while the latter relies on empirical observations about the characteristics of organizational structure and financial instruments. However, neither approach offers a comprehensive theoretical or methodological solution to determine how decentralization should be carried out, but both can contribute important concepts for designing and implementing policies.1 Decentralization also can be defined as a situation in which public goods and services are provided primarily through the revealed preferences of individuals by market mechanism.2

c) Political

The political aspect of decentralization means considerable popular participation in administration through the elected bodies at the state and at the sub-state level. This can be effected through the representation of people in the bodies at the lower levels.

d) Geographical

Geographically, decentralization is applied by conceding freedom to the field units of agencies which are away from head quarters. This is also known as territorial decentralization which arises, when the units at the sub-state level are allowed to decide most of the problems on the spot, enabling them to exercise large powers to cater to the needs of their population.

e) Functional

Functional decentralization means leaving power of decision - making in respect of technical

or professional matters largely to the appropriate units of administration. Functional decentralization is thus, an issue of the relationship between persons and the units as well. It gives functional autonomy in respect of several functions to units or departments.

Thus, the word decentralization embraces a variety of aspects or forms and its feasibility must be carefully analysed in any particular country before pursuing decentralization policies. Administrative, political, economic, geographical and functional approaches, too, vary in many countries. In recent times, as given above, there emerged 'theories' like 'Public Choice theory' 'Public Distribution' 'Finance' etc. In short, the concept is largely related to a comprehensive strategy of policy pursued by both developing and developed nations. The overall visions are participation of the people in administration and the dispersal of political and administrative authority.

2.1.5. Objectives and Merits of Decentralization

Decentralization policy has been followed by developed and developing nations on the ground of many objectives. Dennis Rondinelli et al., have recently undertaken eight studies relating to decentralization, each set in a different Asian country. They have found that there are different objectives behind the measures of decentralized policies pursued by these countries. To them, the objectives include, (a) greater participation of the people in the process of national development, (b) realization of genuine democracy by taking it nearer to the people, (c) to solve the problems caused by over-concentration of power, (d) better political and administrative 'penetration' of national government policies into areas remote from the national capital, (e) greater representation of various political, religious, ethnic and tribal groups in development and decision-making that could lead to greater equity in the allocation of government resources and investment, (f) greater administrative capability among local government and opportunity to develop their managerial and technical skills, (g) to provide a decentralized governmental structure needed to institutionalize participation of citizens

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This form of decentralization policy is used in analysing the benefits of decentralizing some public services and in evolving new strategies for economic development through a fair system of distribution. In the political-economy framework, this model of decentralization is meaningfully applied in some developing countries. This group of theorists generally prefer macro-economic issues based on 'equilibrium models.'
in development, planning and management, (h) a more flexible innovative and creative administration regional, provincial or district administrative units which may have greater opportunities to test innovations and to experiment with new policies and programmes in selected areas without having to justify them for the whole country.¹

However, general objectives of decentralization include local autonomy, efficiency in administration, social and economic development, local level planning, freedom to ‘field units’ i.e., units away from the centre, and democratic government at the local levels. The overall objective is participation of the people in administration through a process of dispersal of political and administrative authority.

(a) Freedom, Responsibility and Protection to Individuals

Decentralization has been widely advocated in resistance to the ubiquitous pressures in favour of larger organization units. It can protect the individual against the threat from large, remote and impersonal bureaucracies as well as provide a foundation for healthy democratic society. It assures the greatest possible freedom to the individuals. It encourages independence and discourages both subordination and domination. Decentralization recognizes no right to the ‘authoritarian method’ except when no alternative method of dealing with a problem can be found.²

(b) Assures Participation

Much of the recent writings on decentralization reflect a ‘liberal interventionist’ perspective. The orientation is liberal (progressive) in that, authors foresee not only improved government but also an improved standard of living for the populace at large. To many, decentralization promises increased citizen participation through the grass-root level bodies. In other words, decentralization institutionalizes participation of people in development planning.³ Decentralization is meaningful only

Also see, B.S. Bhargava, Panchayati Raj System and Political Parties, New Delhi, 1979, p.123.
². Ralph Borsodi, ‘Centralization and Decentralization,’ in Harijan, Vol.XVIII-1954, No.3, May 29, 1954, Ahmedabad,p.106. The author says that if the basic methods (among which mankind chooses in dealing with its operational problems) are arranged in the order in which they reflect decentralization, then the ‘Education Method’ which relies upon persuasion for its efficiency would rank first, the ‘Fraternal Method,’ which relies upon competition for its efficiency second, the ‘Co-ordial Method,’ which relies upon federation third, and the ‘Functional Method,’ which relies upon co-operation then the fourth....”
in the context of such a sense of overall unity of purpose in which all individuals join various levels of the socio-political system, or, to borrow Gandhi's integral phraseology, through a series of concentric circles that are "ever widening and never ascending." It unfolds administrative capacity for development, enables better information flow and facilitates political stability and national unity.

Decentralization facilitates the process of social mobilization or a process of subverting attitudes, structures, and institutions that are an antidote to the goals of improvement and conditioning of the masses, attitudinally and behaviourally, and also positively towards planning process as well as guaranteeing human rights and equitable distribution of political power. These objectives can be fulfilled only when there is horizontal decentralization as well. In other words, vertical decentralization must be accompanied by horizontal (symmetric) integration. This is apparently the Gandhian position.

c) Reduction of overload and congestion

Decentralization has been seen by some political leaders as a way of minimizing overload and congestion in administrative and communication channels. In some countries it was viewed as a way of more effectively mobilizing support for national development policies by making them better known at the local level. In other countries it was seen as a way of increasing the ability of central government officials to obtain better information about regional conditions, and to plan local programmes more responsively. Some countries view it as an ideological principle that has been pursued as a desirable political objective in itself. It is also possible that decentralized administrative mechanisms could be used by authoritarian and one party regimes to gain access to remote regions through penetration and control without permitting democracy at the local level.

d) The role of Voluntary Organizations

Private Voluntary Organizations, formed by decentralization can play a crucial role in expanding access to services and infra-structure. Voluntary Organizations in Sri Lanka, for example, have come to play a vital role in delivering services to meet basic human needs. They run day-care

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3 J.D. Sethi, 'Mahatma Gandhi on Decentralization: A Model of Parallel Politics,' ts. 1988, p.15.
centers, nursery schools, health clinics, homes for destitute children, old age homes and provide vocational training, conduct non-formal education etc. They operate rural development projects and community self help programmes.1

e) Micro-level Planning

Micro-level planning, another merit of decentralization may be looked upon as a strategy for planning from below. It aims at total development of the area or communities living in a particular area. By bringing planning to the grass-root levels the inadequacies of national and regional planning processes are sought to be blunted, if not completely removed. It is also a corrective strategy to remove distortions generated by ‘technocratic’ and ‘bureaucratic’ central planning process at the national and regional levels.2 This strategy is also used to mobilize local resources, to ensure popular participation and to forge a strong link between governmental and non-governmental organizations engaged in development initiatives, planning and management and also as a linkage of the local plan to both horizontal and vertical axes of the governmental politico-administrative hierarchy.3

f) Small Community and Human Wholeness

Also, there is a vital connection between institutional smallness and human wholeness. Therefore, the hope of mankind lies in the creative society of the small community formed by a process of decentralization and not in the mechanistic society of the giant state4. Modern Sociology also upholds the principle that man is most happy when living in small communities and it recommends the building up of small, balanced communities in the open country.5 When the individual feels involvement in

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3. Ibid., pp.543-44.
The author writes that it would be absolutely wrong to think even for a moment that Gandhiji’s ideas on decentralization or democracy are medieval and that Panchayats were the relics of tribalism. The ancient Indian ideal of Grama Sabhas is in tune with the latest modern political thought in the Western countries. If democracy is to survive, therefore, it must go the way of decentralization on the model of ancient rural republics in India. Ibid., pp. 178-180
small communities, he feels that his will matters in them. Therefore, the state must be cut up and its functions distributed. Scholars, advocates and activists of grass-root level social movements tend to support the idea of a decentralized polity in which local initiative and freedom are ensured along with the community participation. History proves abundantly that it is in small, largely self-governing agro-industrial communities that workmanship reaches its highest quality and citizenship, its peak of culture and grandeur.

2.1.6. Criteria Used to Assess the Merits of Decentralization

A variety of criteria can be used to assess the merits of decentralization in a country. They are related to the degree to which decentralization contributes to (a) achieving broad political objectives, (b) increased administrative effectiveness, (c) economic and managerial efficiency, (d) increased government responsiveness to diverse needs and demands, (e) greater self-reliance among the local groups, (f) appropriate means of designing and implementing local development programmes and projects, and (g) providing an opportunity to the poor and weaker sections in the society to direct expression through democratic bodies at the lower levels (in countries like India).

Accordingly, the positive results of decentralization are the following:

Firstly, access of people living in neglected rural regions and local communities to central resources and institutions will become feasible. Secondly, decentralization will increase the chances of increased participation of the people, provided the local bodies are not captured by local powerful groups, vested interest groups, etc. leading to greater oppression of the weaker sections. Thirdly, the administrative and technical capacity of regional and local organizations will become better. Fourthly, new organizations will be established at the regional and local levels to plan and manage development.

The statement according to Dennis Rondinelli and John R Nellis is rich in evocative detail:

Decentralization could lead to the development of greater administrative capability among local governments and private institutions in the regions and provinces, thus expanding their capacities to take over functions that are not usually performed well by central ministers, such

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as the maintenance of roads and infrastructure investments in areas remote from the national capital.... a decentralized, governmental structure is needed to institutionalise participation of citizens in development planning and management.... decentralization can lead to more flexible innovative and creative administration.1

These objectives and results can be ‘centralized’ in a better way under the system of democratic decentralization, i.e., by a process of diverting powers to the units of local bodies run by the people themselves. (For details on democratic decentralization, see subsequent pages). Thus, democratic decentralization means, a principle -a principle of extension of people’s right to manage their own affairs by themselves in a local area.

The policy analysts in recent times focus on ‘micro-analytical’ issues and base their analysis in a broader context and take into effect political, behavioural, administrative and other factors that affect policy implementation. This is also applied in identifying the sources of local government revenues, examining the dependence of local governments on central government etc.

2.1.7. Decentralization; Scheme of Distribution of Power

The process of decentralization can be called in other words a scheme of distribution of power. This can be done in vertical/horizontal lines, or territorial direction or functional manner. By whatever manner this may be done, as already referred to, decentralization means devolution/distribution of power to decentralized and autonomous institutions.2 Some treat it as a technique for managing the assignment of authority. Generally viewed, decentralization is a set of formal rules for decision-


Both vertically and horizontally power can be distributed, even though enough power remains with the central government. The concept of the welfare state, spread of education, the centralization of power of the functional groups etc., all required some degree of continuous participation of the people in decision-making. The curious phenomena, according to him, is that soon after independence, India started the two phases together. On one hand, India got a strong bureaucratic Planning Commission ,while the other is the vast Voluntary Sector and Public Co-operatives. No one seems to have asked why the latter institutions were smothered first. A part of the crisis of Centre-State relations results from preventing these two processes to run parallel to each other, notwithstanding the constitutional constraints.
making. It necessarily aims at empowering people to have a say in the decision-making.

2.2.0. Decentralization, Delegation, Devolution and Deconcentration

The term ‘decentralization’ is often substituted with terms like ‘delegation’ (assignment of specific decision-making authority), devolution (transfer of responsibility for governing) and ‘deconcentration’ (spatial relocation of decision-making). They convey the same idea, although their literal meanings vary from one another.

The word ‘delegation’, used for decentralization, is an act whereby, a political authority possessing certain powers turnover the exercise of those powers full or in part to another authority. In other words, it means transfer of authorized power to a subordinate person, or body which acts not merely as the channel for that power, but as its agent, making decisions in its name. Accordingly, the powers of the delegant are precisely those that belong to the delegant and actions performed in virtue of the delegation, have the same judicial nature as if they were performed by the delegant himself. It does not mean merely permission or authorization. The delegant may hinge the transfer of his power with certain condition regarding the nature of the exercise of the delegated powers. A delegate is authorized to act only in accordance with specific instructions or a specific ideology. Delegation, therefore, differs from representation in that the former confers power through the directions of an original, whereas the latter confers power in addition to those conferred by the original, which belong to the institutional structure through which representation is effected.

Delegation and decentralization also differ in meaning. Delegation does not divest the government of the ultimate responsibility for the actions of the authority to whom power is delegated. This authority is under the control of the government. On the other hand, decentralization is a process whereby the government divests itself completely of its certain duties and responsibilities and devolve them into some other authority. In delegation, authority remains strongly limited to those few matters

in regard to which the transfer has been specifically made. Delegation also can be defined as shifting responsibility for producing goods and supplying services that were previously offered by the central government to para-statal or public corporation or to publicly regulated private enterprise and local government institutions. The organizations to which such functions or responsibilities are transferred or delegated have only limited independent authority.

The word 'devolution' means the dispersal of authority, a process wherein power is transferred from one organ of government to another by means of an act of legislation. Devolution of authority may be effected either constitutionally or statutorily; in the case of federation, the former course is adopted, while to all other forms, the latter method is used. Authority may be devolved by the centre to the subordinate units by means of parliamentary statutes. This, transfer of authority can be both territorial and functional in character. In the context of local bodies, devolution requires that local governments be given autonomy and independence, and be clearly perceived of, as a separate level over which central authorities exercise little or no direct control. Devolution is an arrangement in which there are reciprocal, mutually benefiting and co-ordinate relationships between central and local government i.e., the local government has the ability to interact reciprocally with other units in the system of government of which, it is a part.

Devolution also means the transfer of legal and political powers to some subordinate institution, while retaining in theory complete political control over their exercise. The subordinate institution has a territorial significance, and is designed to correspond to an existing or emergent sense of social identity. It usually has both executive and legislative powers, and thus the result of devolution is to create a subordinate political identity, usually in order to cater the feeling of local allegiance, which are too strong to suffer direct government and too feeble to express themselves in concerted irredentism. Therefore, the process of devolution is designed as a compromise. It may also sometimes present an impression of contradiction; the powers of subordinate assemblies, formed by means of a policy of devolution, would be neither merely delegated, nor truly autonomous.

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Also see, Geoffrey Roberts and Alistair Edwards, A New Dictionary of Political Analysis, Great Britain, 1991,p.38.
2.2.1. Decentralization and Deconcentration

The term ‘decentralization’ means away from the centre. It may be called, as given above, a method of operation in which the control is dispersed, and power diffused, and distributed multilaterally among people. This can be either administrative deconcentration or democratic decentralization. Administrative deconcentration is one of the methods to create the local government. It is generally associated with administrative and executive functioning of government. Under this system of administration, discretion as well as responsibility remains intact with the centre, whereas only the authority of the administration of power is transferred.¹ In the system of administrative deconcentration ‘field officials’ enjoy a few limited and specially delegated powers and do not have any authority with them. The local bodies, so created, can modify their powers at their will, while they remain dependent upon the centre. They are creations of an administrative action and do not possess an independent entity of their own.² Democratic decentralization is however a principle, a principle of extension of people’s right to manage their own affairs by themselves in a local area without any undue interference by the external authorities. In democratic decentralization both authority and autonomy are transferred to the people at the lower levels.

In modern times most of the states adopt a system of deconcentrated policy, which is different from the meaning of the term, decentralization. It is the least extensive form of decentralization, but an important step usually adopted in highly centralized countries. Also this is only a weak form of decentralization which merely involves the shifting of workload from central government ministry headquarters to staff, located in offices, outside the national capital.

In a deconcentrated system, administrative units are set up singly, or in a hierarchy. No major policy is decided locally. Local officials simply carry out orders. It allows agencies to learn, eventually, to be more responsive and to be able to lead to greater decentralization. Analysing the system of decentralization in India, “The Report of the Indian Statutory Commission, 1930” says:

Systems of local government fall into one or other of two well defined types which we may call the British and the Continental. In the former,

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2. S.Bhatnagar, Rural Local Government in India, New Delhi, 1978, p.3.
government is decentralized; local governments with wills of their own exist. They initiate and plan their policies and carry out them subject to certain powers, direction, and control by the Central Government. They appoint their own staff and raise in the main their own revenue. They are not in the status of subordinate bodies but act as the very part of the governmental machine. Under the Continental system ... government is deconcentrated. The principal local official is not the servant of the elected representative of the locality but is essentially an official of the Central Government sent down to a particular locality to carry out part of the work of the Central Government. He may or may not be assisted by an advisory Council to which a few powers have been conceded.... but the will that operates in the sphere of local administration is that of the Central Govt., not that of the people of the locality. Prior to the reforms (of 1930), local government in India, belonged essentially to the second, a deconcentrated type: it resembled the French rather than the British system. The District Officer in India, like the French Prefect of a Department, was an officer of the Central Government operating in a particular district.... He was just as much the eyes, ears and arms of the Provincial Government as when functioning as revenue officer or District Magistrate. Local self government was just one of his many activities. He regarded his staff as available to assist him in all branches of his work.\footnote{Report of Indian Statutory Commission, Vol.1, London, 1930, p.301.}

The term 'deconcentration' and 'delegation', however, mean, one and the same in some respects. This view has been expressed by Leonard D. White in these words: "it is a term generally used to denote more delegation to a subordinate officer of capacity, of acting in the name of the superior without a transfer of authority from him."\footnote{Leonard D. White, Encyclopaedia of Social Science, Vol.V, New York, 1954, p.43.}

Thus, decentralization has been variously defined as devolution, delegation, deconcentration etc., each specification reflecting a sense of what is to be achieved, a vision of what is possible, and how the rulers and the ruled should be related. Hence, the use of similar terms for sharply different meanings has produced a distorted and discordant discourse and has rendered effective dialogue nearly
impossible.¹

A decentralized government structure is needed to institutionalize participation of citizens in the administration. It is only through participation that a more flexible, innovative and creative administration could be effected. This vision could be materialized in a better way under the system of democratic decentralization i.e., a process of divesting powers to the units of local bodies run by the people themselves. Thus, democratic decentralization means a principle - a principle of extension of people’s right to manage their own affairs by themselves in a local area.

2.3.0. Democratic Decentralization

In the political sense, especially with reference to the Indian government system at the sub-state level, the concept of decentralization is generally taken to mean ‘democratic decentralization’. In countries like India, it implies creation of a third level of popular government at the local level. In other words, the concept is related to the creation of representative, subordinate agencies at the lower levels.

The term ‘democratic decentralization’ means the transfer of the responsibilities of central government to subordinate agencies, elected by geographic or functional constituencies, and which acquire some of their powers not by delegation from higher administrative authority but by legislative and perhaps constitutional provisions.² It implies people’s right to initiate their own projects for local well-being and the power to execute and operate them in an autonomous manner which lays stress on people’s participation.

Decentralization signifies the quest for participative and community approach and the epithet ‘democratic’ goes to reinforce what decentralization stands for. It determines the democratic values, purposes and approach. The term ‘democracy’ literally means the rule or power of the people; it is essentially a form of government based upon the fundamental assumption of equality of all individuals and of their right to life, liberty and the pursuit of happiness.³ It is also a way of life which promotes

² Cited in, B.S. Bhargava, Panchayati Raj System and Political Parties, New Delhi, 1979, p.2. The author says that a semantic problem has been introduced by the widespread currency of the term 'democratic decentralization' which in fact is often used with reference to programmes and tendencies which are neither democratic nor decentralized except in form.
tolerance, freedom and discussion and which involves a large number of people in decision-making process. It bases political authority on the will of the individuals.

2.3.1. An extension of the democratic principle

Democratic decentralization is just an extension of the democratic principle, extension of people's right to manage their own affairs in the local area without any undue interference from regional or national authorities. To distinguish between democratic decentralization and delegation, the former embodies a right, while the latter is at best a concession. Democratic decentralization is a matter of principle and it stands for enjoyment of original power by the people, while administrative delegation or decentralization is the outcome of administrative expediency and is the exercise of derived power by a subordinate authority.¹

2.3.2. Egalitarian Society

Democratic decentralization is a means to an end and not an end in itself. It will ensure a greater equality - equality before law. The sovereignty of law implies a notion of equality before law and this is possible only if there is certain equality, and the only way to an egalitarian society is democratic decentralization. Theoretically the people are sovereign and all governments have drawn their sanction from the electorate. However, the elitist leadership in some countries play fast and loose with the people by cynically manipulating the constitution to serve the elitist interest.² Democratic decentralization is expected to serve as an antidote to such elitist manipulations.

2.3.3. Widens the area of democracy

Democratic decentralization is intended to be a people's programme, and the legislation must build an assurance that they will be masters of their own destiny. The legislation must assure the village people of their right and duty to give leadership in the formulation of village, block and district programme and to come to the fore in suggesting the things which they themselves can do to solve their

own problems. In this way the measure of democratic decentralization, will help to widen the area of democracy by granting (generally through the instrumentality of legislative measures) both authority and autonomy to the people at the grass-root levels, so to say, an attempt to create units of democracies within democracy. It seeks to vest in the institution of local government more powers to act or serve as the tiny fountain heads of democracy. Grass root democracy stands for a political structure in which democracy is not merely confined to the national/regional but is extended to local levels in a real and large measure.

The very emphasis on democratic decentralization indicates the need for further steps and new governmental structures to introduce greater popular participation in community development with the weaker sections.

2.3.4. Participation in Development Programmes

One argument in favour of democratic decentralization is that, at the local levels direct contact could be established by the ruled and the rulers. It would provide an opportunity for the poor for direct expression and would institutionalise participation in development and planning. Democratic decentralization is indispensable to ensure people's participation in development programmes. It is an essential means to generate in the people the feeling that they have a right for participation in the government. The barrier to direct expression by the weaker section has always been oppressive leadership, and smaller the area, the closer the people come to the direct oppressor, thereby weakening the forces of oppression. Political analysts say that a certain diffusion of interest takes place in larger areas and here (smaller units) the oppressors are not always so united or determined. Laws in science say that, it is easier to split clusters of molecules than a single molecule and easier to split a molecule than an atom. The Gram Swaraj as visualized by Gandhi is a real democratic political apparatus which

2. The term 'grass-root' is used here to mean originating from, or carried on by the common people. For further details of its meaning see, *Webster's New Twentieth Century Dictionary of English Language*, 1960 rpt., p. 795.
will bring the masses into active political participation and establish a genuine political control on any oppressive leadership. This is what is meant by democratic decentralization in principle and it was an ideal in the Indian context.

2.3.5. Democracy nearer to the people

However, the main argument in favour of democratic decentralization is that it results in the diffusion of any congestion of business at the higher levels of administrative ladder and avoids bottlenecks and delays in the making of decisions and carrying them into effect. It enables the local authorities to be nearer to the people, to avail adequate knowledge of local conditions and problems which vary from place to place. Further, democratic decentralization increases the opportunities for the popular initiative and participation in the administration and thus tends to strengthen democracy. Finally, it is argued that democratic decentralization is necessary for economy and efficiency.

Democratic decentralization would be materialised if there is proper demarcation between the centre and local bodies. It would be proper to demarcate initially the maximum functions which could be retained by the state for specific reasons, such as requirement of higher technical skill for effective discharge of certain basic responsibilities and need for co-ordinated long range or broad based planning and the other activities that have a direct bearing on the people. The entire field of such activities, including administrative and regulatory functions that can be well managed at the lower levels, may be entrusted to the local bodies. The local bodies have to be invested with adequate authority to discharge such extensive responsibilities and adequate freedom to exercise initiative both in policy-making and its implementation. The people can evoke greater local initiative and participation and can mobilize local resources to the maximum so as to undertake a balanced development programme throughout the area with particular emphasis on weaker sections of the community.

2.3.6. Constitutional Responsibility

Indeed, democratic decentralization does not mean merely the division of the functions of state government and local bodies, each discharging its functions independently of the other. It means

functioning of local bodies below the state level, discharging their functions and duties subject to the constitutional responsibility of the state, in respect of law and order and development. Of course, with respect to the functions devolved to the local bodies, they would have full freedom to decide the various activities and the suitability of the areas in which they could be undertaken. The fundamental purpose of such decentralization would be to train the local leadership (with maximum flexibility) so as to meet their growing needs within the resources at their disposal giving priority wherever it is legitimately due.¹

2.4.0. Democratic Decentralization in India - the Panchayats

The indigenous term for the scheme of democratic decentralization in India is Panchayati Raj. The term means a process of governance, and it refers to a system from the Village Panchayat at the lower level to the District bodies at the upper level. This term has become popular in the post-independence period in connection with the scheme of Community Development Programme, launched with the First Five Year Plan. In this scheme, Panchayat forms the lowest unit. Above the Panchayat, there are bodies like Panchayat Samitis, Taluq Councils (Samitis) Mandal Panchayats, District Councils/Zilla Parishads etc., linked in a sort of grid. As the scheme is based on a tier system in a hierarchical manner with the Panchayat forming the base, many use the terms, mistakenly in connection with the Panchayat administration at the lower level. The term Panchayat means an administrative unit, Panchayat Raj means the Panchayat rule, i.e., rule of Panchayat bodies, while the term Panchayati Raj means a scheme of administration up to the district level in a hierarchical system with the Panchayats forming the base.² Village Panchayat was a small body of persons that constituted an administrative unit for each and every village.

² The term Panchayati Raj coined by Jawaharlal Nehru, the late Prime Minister of India, is distinct from Panchayat Raj, which connotes government of a local body limited to a geographical area as well as the tier system of local bodies at the sub-state level. There are occasions when the term Panchayat Raj is used for the expression Panchayati Raj, and vice-versa. Generally one comes across three terms - Panchayat, Panchayat Raj and Panchayati Raj in the context of rural local bodies, in India.
2.4.1. Antecedents of Panchayats

Panchayats have been amongst the oldest political institutions of India. There was the village government i.e., grass-root level authority, even before people could visualize the existence of a remote authority like state or central government. An expression of the grass-root level democracy in India has been the Panchayats. Indigenous in nature as well as in its origin, they had existed in India from very early times. Historically speaking, they provided 'like the shell of a tortoise, a haven of peace where the national culture could draw in for its own safety when political storms burst over the Indian land'.

The term Panchayat meant, an assembly of five wise and respected elders chosen and accepted by the village community. They were considered the incarnation of God (Panch-parameshwar). The word possibly indicates that, the number of those who originally constituted this 'council' was five. The writer of the 'Punjab State Census Report' points out that the number five occurred frequently in Indian sacred literature. But there are no historical evidence to suggest that this number was adhered to with any regularity. The term has almost completely lost its numerical connotation and means only an association of people for doing administrative or judicial work. The Panchayat was also sometimes seen as one of the resultants of the creation of joint-villages. A council of the heads of houses took the place of a single hereditary head as the agency for managing village affairs in such cases.

The Panchayats, in earlier times assembled as a jury, and 'court of arbitrators' at the lower level to decide upon matters affecting village communities. They dealt with both civil and criminal suits and rendered to the people many services. Rev. Herman Gundert defined the Panchayats as courts of enquiry to settle the issues by arbitration that existed in India from very early times. Though the trial by Panchayat was in many respects like the trial by jury, the Panchayat was not exactly like the modern jury. In Panchayat, it was trial by peers who got some reward from the parties if the case was

1. Ameshwar Avasthi & Sriram Maheshwari, Public Administration, Agro, 1984, pp.166-’73.
a protracted one. An appeal against the decision of the Panchayat could be made only on the plea of corruption, but if the appellant failed to substantiate his charge, he had to pay a fine\(^1\) (in some parts of India). There existed intimate connection between the village community and the king. In south India, the village headman himself was appointed by the King. It seems from the available records that the villages under the headman were full-fledged administrative units at the lower levels and had a wide spectrum of activities covering executive, administrative, judicial and developmental affairs. The functions performed were many and thereby, a variety of terms have been used in relation to these institutions and the type of functions.\(^2\)

2.4.2. Functions and Features of Panchayats in Ancient times

Regarding their nature, some investigators are of the opinion that Panchayats were mainly councils of elders of different castes, a body of co-sharing proprietors which administered justice and punished offences against village customs and practices.\(^3\) However, the Panchayat in the past organized defence of villages, appointed watchman, elected or nominated a headman and provided public and social amenities. In short, they breathed life into the rural society.

Conclusively it can be said that Panchayat was a nebulous thing which appeared in the minds of the villagers to drift between the idea of a meeting of the whole community and the idea of a more or less select council.\(^4\)

2.4.3. Each village, a self sufficient unit

The village was the basic unit of communal living, often styled the brotherhood. The expression

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2. R.K. Mookerjee, *Local Government in Ancient India*, 1958 rpt., Delhi, p. 3. Some of the terms used in the historical writings as well as the sanskrit literatures are Kula, Gana, Jati, Puga, Vrate, Sreni, Sangha, Samudaya, Samuha, Sambhuja or Naigana, Camuttana, Parisat, and Carana.

3. B.S. Bhargava, *Panchayati Raj System and Political Parties*, New Delhi, 1979, p. 17. Frederick C. Bailey in his book, *Tribe, Caste and Nation*, proposes that Indian village was a community ruled by one dominant caste and that usually the leaders of the local dominant castes were elected to the Panchayats.

indicates that this body originally constituted an aggregate of individuals supposed to be related to each other by descent from a common ancestor (the village here refers to the area comprising the residential as well as the cultivated parts, the pasture and the waste lands). Each village was the basic unit of communal living and self-reliant and its members constituted a primary group. Each village was isolated, often separated from neighboring hamlets by scrub, jungle, or wasteland. Village life was a little world of its own; village society made its own laws and its own decisions. There were the occasional threats of the tyrannical land lords, robbers or even the invaders. Often these dangers served as a further stimulus to village organization and unity among themselves.

The community was mostly agricultural. The members were ordinarily grouped into divisions and sub divisions, each in possession of separate shares of cultivated area. For its every day needs, it included a permanent hereditary staff of village artisans, such as blacksmith, carpenter, barber, shoemaker, potter and washerman, each of whom was paid annually an allowance in grain share at the time of harvest, by each cultivator.

2.4.4. General Functions

Referring to the functions of these bodies, it seems that they exercised most of the functions on matters related to the life of villagers. These functions may be called executive and judicial (adjudication) functions which included public welfare, defence, watch and ward, agency functions for the government and the like. They dealt with the administrative matters, social and customary affairs, including civic, educational, industrial and commercial aspects or religious matters. It is significant that that village had its own court of Justice. It bore the name of Pratisthita according to

1. V.B.Singh, The Economic History of India (1857-1956), Bombay, 1965, p.88
2. G.R. Madan, India's Developing Villages, Lucknow, 1983, p.3
Brihaspate, who indicates the village autonomy in this matter.¹

2.4.5. *Sabha* and *Samiti*, as Democratic Bodies

In administrative affairs, the usual practice was that all the village matters were transacted through the *Panchayat*. It was either a general meeting of the inhabitants or a select committee chosen from among them. It performed both executive and judicial functions. The village *sabha*, *Samiti* and the ‘councils’ under the captaincy of an elder: called *Gramani* also performed administrative functions. In some cases the *Sabha* and *Samiti* also acted as the judicial and executive bodies. Many believe that these were popular assemblies. There is also an opinion that the *Sabha* was a house of elders, while the *Samiti* was an assembly of the whole people of a village.² Some scholars view that, general meetings of all the villagers were held in less developed communities, like those of the aboriginal tribes. Any how, in course of time the *Sabha* and *Samiti* lost their influence and their place was taken by the bodies known as *Paura* and *Janapada*. The former was a body consisting of the representatives of urban areas while the latter consisted of the representatives of the rural regions.³

2.4.6. Hereditary Functionaries and Commercial Combinations

There were also some hereditary functionaries and commercial combinations in the community leading to the formation of specialized institutions like the *Guilds*.⁴ The local *Panchayat*, the hereditary functionaries, the *Guilds*, *Grama Sabha* (village council) and the like, looked after the affairs of the village communities. The *Panchayat* carried out public works, looked after the construction and repair of public buildings and wells, supervised tanks, education and sanitation. The hereditary functionaries, usually the elders known as village headman, performed some other important functions,⁵ while the commercial combinations were entrusted with the economic life of the age with its many folded development. All those functionaries together gave to the village community a solid

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² S.C. Ray Chaudhary, *Social, Cultural and Economic History of India*, Delhi, 1978, pp. 144-148. Though the exact conditions of these terms are still debated, it is admitted by most of the scholars that they exercised a powerful check on the royal absolutism.
³ Ibid., p.144.
basis of common life and purpose. Every village was bound to be heterogeneous composition, but governed by a homogeneous body. However, the soul of this system was the village council called, the Panchayat. From time immemorial, Panchayats have enjoyed the confidence of the people. The system survived in spite of turmoils and changes because the village folk were fully confident of their own capabilities of sound thinking and right approach to problems.

2.4.7. Self-Government

There was no voting or majority rule in village council called Panchayat. The people gathered together and talked and agreed as in a family until a general opinion emerged. Justice was done speedily and efficiently. All disputes were settled out of court, by agreement among the parties themselves, which is the foundation and acid test of non-violent democracy. It fostered the habit of speaking the truth among the people. But the most significant factor about the ancient village system was the spirit of self-government that gave vitality to the system. Historical evidences show that such self-governing and autonomous institutions had functioned both in northern and southern parts of India.

2.4.8. Economic Self-sufficiency

The village community had developed its own system of production and this points to the direction of the level of self-sufficiency. By analysing the nature of Indian village system, Karl Marx has given a picturesque description of the process of simple reproduction that went on in the Indian village community. The land was tilled in common and the produce divided among the members depending on their need and requirement. All were engaged in some occupation or other. There were

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1. For details of the functions rendered by village headman, see Vasant Desai, Panchayati Raj - Power to the People, Bombay, 1990, p.50-60.
'village officials' like judges to prosecute the criminals, and police to protect the villagers. There was the tax gatherer to collect the share of the government and the village, the book keeper in charge of the accounts and registers, the boundaryman who guarded the boundaries against the neighbouring communities, the waterman who distributed water from the common village tanks, the Brahmin who conducted the religious services, the school master who taught the children on sand, astrologer who predicted the lucky or unlucky days for seed time and harvest and for every other kind of agricultural work, a smith and a carpenter who made and repaired all the agricultural implements, the potter who made all the pottery of the village. The barber, the washerman and silversmiths, all performed their respective duties. The whole system discloses a systematic division of labour, a self-reliant, self-sufficient autonomous level of Indian villages. The structure of the economic elements of society remains untouched by the storm clouds of the political sky. The villagers were indifferent to what power is transferred or to what sovereign devolved, its internal economy remained unchanged. Highlighting this feature, Radhukumud Mookerjee says:

The fact is that India presents the rare and remarkable phenomenon of the state and society, co-existing apart from and in some degree of independence of each other as distinct and separate units or entities as independent centers of national popular collective life and activity. Both of them were independent and a policy of non-interference was recognized as the ideal policy of the state, the functions of which were ordinarily restricted to the irreducible minimum.

Thus, there was a definite delimitation of the respective boundaries of the political and social organization in the state, and the villages have been the axle of administration from ancient times.

2.4.9. Communitarian Democracy

The weight of literary and other accounts given by both Indian and foreign writers point to the direction that ancient India had one of the best systems of village government. What Karl Marx and Friedrich Engels had described as the 'Asiatic mode of production' really referred to the relatively,

Indian self-governing villages, still retaining much of their tribal character with little division between agriculture and manufacturing units, since the remotest times and developed “a social system of particular feature-the so called village system which gave to each of these small unions their independent organization and distinct life”.  

Land was tilled in common and the produce divided among themselves. The families carried on subsidiary industries also. The state’s duty consisted of defence, public works and irrigation. These features have similarities with the model envisaged by the ancient Greece, what is known as communitarian democracy.

The fundamental characteristic feature of the village of the past, as referred to above was its self sufficiency. All its economic needs were supplied by the efforts of its own cultivators and artisans. It was only for a few things that it depended on the outside world. The Panchayat was the administrative counterpart of this self sufficiency. It owed all its power and influence not to any legislation enacted by government at the higher level but to custom and tradition which for ages have been the sanctions behind the whole fabric of Indian society.

Village Panchayats also played a pivotal role in the defence and development of villages in ancient India. They enjoyed vast powers and made effective use of them, with skill and innovations. They protected the people and exercised wide judicial powers. In short, the Panchayats in India have well sustained the autonomy of villages or the villages parented the Panchayats.

Conclusion

An analysis of the village functioning in India, in yester years shows that the idea of decentralization was evolved out of the socio-politic and geo-economic situations that prevailed in the rural segment of India. A study on decentralization at the rural local levels in India will be helpful to understand how deep-rooted was this concept in the body politic of India and how the system continued to exist under various regimes.

2. Marx also wrote that ‘the Hindoo (he meant the people of Hindustan) on the one hand, leaving like all oriental people to the Central Government the case of the great public works, the prime condition of his agriculture and commerce, dispersed, on the other hand, over the surface of the country, and agglomerated in small centres by the domestic union of agricultural and manufacturing’. These two circumstances had brought about, since the remotest times a social systems of particular features, the so called village system, which gave to each of these small unions their independent organization and distinct life."