CHAPTER – II
GLOBALIZATION AND SELF-GOVERNANCE

Globalization means different things to different people. It can be defined, simply as the expansion of economic activities across political state and government boundaries of nation states. More important, perhaps, is that it refers to a process of increasing openness, growing economic interdependence, and deepening economic integration between countries in the world economy. It is associated not only with a phenomenal spread and volume of cross-border economic transactions, but also with an organization of economic activities which straddles national boundaries. Globalization is a process which links one part of the globe to another. It destroys the distance so far as the question of connection goes. Ash Narain Roy writes that globalization has its many faces. It is a powerful tool to radically transform the world. The indicators of globalization are travel, migration, trade and spread of culture and knowledge.

Globalization is not a new phenomenon. It is neither a new curse, nor a new benediction; indeed it is not new at all. Over thousands of years, globalization has progressed through travel, migration, trade, cultural interactions, and spread of knowledge and understanding. The influences have gone in different directions. For example, towards the end of the millennium that has just ended, the direction of movement has been largely from the West to elsewhere, but at the beginning of the same millennium (around AD 1000), Europe was absorbing Chinese Science and technology and Indian and Arabic mathematics. There is a world heritage of interaction, and the contemporary trends of globalization are basically an extension of what has been going on for thousands of years.

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Globalization has enriched the world scientifically and culturally and has provided vast economic benefits as well. Pervasive poverty and 'nasty, brutish and short' lives dominated the world a few centuries ago, with only a few pockets of rare affluence. In overcoming that brutishness, modern technology as well as economic interrelations have been influential. Japan's own experience richly illustrates how it is possible to benefit economically as well as scientifically through an open minded willingness to interact constructively with global influences.3

The process has been associated with broader transition from rural or agrarian (and medieval) to urbanized societies, increasingly based on the provision of fuller employment, provision of sophisticated modern services and facilities, emergence of a sizeable middle class and reduction in the incidence of poverty. Rising per capital incomes, improved education, and access to health politics have led to a deeper modernization of society and fast demographic transition. The systematic and structural transformation, popularly known as 'globalization', is believed to be a panacea to solve the problems concerning human beings at global level.4

Thus, globalization is the process by which events, decision and activities in one part of the world have significant consequences for other parts of the globe. It represents closer integration of the world economy resulting from increase in trade, investment, finance and multi-country production networks of MNCs. It extends beyond economic interdependence to include dilution of time and space dimensions as a result of spread of information technology. Technological development in computing and telecommunications has reduced transaction costs and these costs will continue falling further. Globalization is thus a supra-national phenomenon, which transcends

national frontiers. It has shrunk the world through the enmeshing bonds of new technology in the context of 'global neighborhood', 'global village' or the 'world without borders'. It is not the same as increasing degree of openness of countries witnessed earlier. It involves fast growth of trade in goods and services, higher growth in international financial transactions, fast growth in foreign direct investment, deeper form of internationalization resulting from production networks of multinational emergence of global markets, rapid diffusion of knowledge and technology, globalised communication and transport network and changes in thinking and modes of operation of international institutions. The process of globalization has continued and will intensify further.\(^5\)

Broadly, globalization has three forms, i.e. economic, cultural and political; the major constitutes of globalization are trade, commerce, technology, science, information, etc.

The concept has not suddenly descended upon the world rather it has come subtly as an ongoing process with unsmooth trend of inequality originated in the development of a regional international market, it has resulted into natural culmination of effects of a large number of motivating factors, forceful experiences and compelling events covering a period of several decades. It is a part of the process of progressive integration of the world economy through falling barriers to trade, exchange and greater mobility of capital. Market forces and technological changes have been more important in the process of globalization than conscious decisions of the governments.\(^6\)

The word 'globalization' is used in two ways, which is a source of confusion and a cause of controversy. It is used in a positive sense to describe a process of increasing integration into the world economy:


the characterization of this process is by no means uniform. It is used in a normative sense to prescribe a strategy of development based on a rapid integration with the world economy. Some see this as salvation while others see it as damnation.

There is a common presumption that the present conjuncture when globalization is changing the character of the world economy is altogether new and represents a fundamental departure from the past. But this presumption is not correct. Globalization is not new. For thousands of years, people and, later, corporations have been buying from and selling to each other in lands at great distances, such as through the famed silk road across Central Asia that connected China and Europe during the Middle Ages. Likewise, for centuries, people and corporations have invested in enterprises in other countries. Indeed, there was a similar phase of globalization which began a century earlier, circa 1870, and gathered momentum until 1914 when it came to an abrupt end with the outbreak of World War-I. Policy and technological developments of the past few decades have spurred increases in cross-border trade, investment, and migration so large that many observers believe the world has entered a qualitatively new phase in its economic development. Distinguishing this current wave of globalization from earlier ones, author Thomas Friedman has said that today globalization is 'farther, faster, cheaper and deeper.'

Neil J. Smelser says that, "the new global society is advancing at the expense of nation states which are gradually losing control over their own fortunes." He identifies following as indicators for this process: unrestrained capitalism, existence of global cultures, sectarian conflict, and mutual tolerance, a new cleavage, unitary world religion, and threat to pluralism.

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This current wave of globalization has been driven by policies that have opened economies domestically and internationally. In the years since the Second World War, and especially during the past two decades, many governments have adopted free-market economic systems, vastly increasing their own productive potential and creating myriad new opportunities for international trade and investment. Governments also have negotiated dramatic reductions in barriers to commerce and have established international agreements to promote trade in goods, services, and investment. Taking advantage of new opportunities in foreign markets, corporations have built foreign factories and established production and marketing arrangements with foreign partners. A defining feature of globalization, therefore, is an international industrial and financial business structure.11

Use of information technology along with re-engineering of governmental process is necessary to improve the efficiency and effectiveness of the government and to ensure transparency and acceptability. This implies introduction of E-Governance.12 Technology has been the other principal driver of globalization in term of E-Governance. E-Governance is the use of a range of modern information and communication technologies such as Internet, local area network, mobiles etc by government to improve the effectiveness, efficiency, service delivery and to promote democracy. Special focus of E-Governance is on greater attention to improve service delivery mechanism. Enhancing the efficiency of production emphasis upon the wider access of information.13 As advances in information technology, in particular, have dramatically transformed economic life. Information technologies have given all sorts of individual economic actors-consumers, investors, businesses-valuable new tools for identifying and pursuing economic opportunities, including faster and more

13 www.it.iitb.ac.in/prathabk/egovernance/egov.html
informed analyses of economic trends around the world, easy transfer of assets, and collaboration with far-flung partners. As part of the increased thrust on E-Governance, and in an initiative to promote procedural simplicity, speed and convenience and facilitate E-Governance, the Department of Information Technology has set-up a Center for E-Governance at its premises in New Delhi. Apart from offering E-Governance solution and services, the Center showcases successful E-Governance applications deployed in various states. The Center aims to offer services such as technical consultation, proof of concept and thematic presentations, apart from creating awareness amongst decision makers at the Central and State level and helping them in defining and implementing process and policy changes for effective E-Governance. The Center also plans to draw upon leading companies, technical institutions and business partners within the country and abroad and help initiate projects to address specific needs. The Center further strives to establish strong links with similar institutions worldwide to enrich the repository of best practices through continuous interaction and participation.

INDIA AND GLOBALIZATION

The 20th century has been the century of globalization. It started with the world wide construction of nation states but is about to end in an intensive opening up of national markets for goods and factors. Technological innovations after Second World War period have effectively lowered the mobility costs. International movement of people has become much cheaper and in other cases modern telecommunication might be a powerful substitute for cross border movements of persons.
If the term globalization means free trade and free movement of all factors of production including labor, then it cannot be denied that India has been pioneer in the globalization process in the history of mankind. While the 2nd millennium of Indian history is one of gradual confinement of the economy and society in an inward-looking one and considered in the 19th century by many (eg. Marx) as a model of 'Asiatic mode of production' with self-sufficient villages or their clusters as the units of the economy, yet she had an experience of world globalization process once more towards the end of the 19th and 20th centuries in the modern age. While the 19th century globalization started around 1870 in a global context and came to an end with the outbreak of the first World War in 1914, the 20th century globalization in India has started since 1985 in an independent country and is continuing till now with varying degree of pace in its successive phases (1985-91, 1991-95, 1995-2005) and is expected to continue further at present under the unipolar economic world in the absence of any feasible alternative in the foreseeable future.\(^{17}\)

It is definitely important and profitable on the part of Indian policy-makers to inquire about the economic factors that led to the country’s economic prosperity through trade relations with different countries of the ancient period and to use the past lessons and experiences in the future under the present phase of globalization, where countries like India are facing many difficulties and confront a system unfavourable to them.

Unfortunately, India always lacked in the writing of her history (even political, not to speak of social and economic) and also in the preservation of historical records. Naturally, the economic history of India’s trade with other countries of the world in the ancient period is sketchy, incomplete and in some case conflicting too. We are to depend mainly on indirect sources like archeological inscriptions,

reports left by travelers, important literary sources like the epics (Ramayana and Mahabharata) and economic references available from Jatakas and other texts. In India many have an idea that perhaps Arthashastra by Kautilya is the only significant Indian treatise on economics and public administration. But Kautilya himself states that his treatise is a compendium of almost all the Arthashastras composed by earlier teachers plus his own contributions. This shows that before Kautilya, economics was developed and its literature was arranged in scientific systems and treated in special manuals of instruction. Unfortunately many of these contributions are now lost and there is hardly any chance of their accidental discovery. Even Kautilya’s Arthashastra was not known to the world even 100 years ago. To have a quick look at the source materials of Indian economic thinking in the past we may mention the following:

1. The four Vedas
2. Some Upanishadas
3. Mahavarata: Vidur Niti in Udyog Parva and Shanti Parva
4. Manu Smriti
5. Yajna Valka Smriti
6. Shukra Niti
7. Arthashastra by Kautilya
8. Thirukkural by Thiruvalluvar
9. Some Puranas
10. Writing of Ashwaghose in Buddhism
11. The theory of non-possession and non-violence in Janism
12. The Bhagwat Geeta
13. The Ramayana and the concept of Rama Rajya or a prosperous economy
14. Various schools of thought like Nyaya, Meemansa, Sankhya, etc.
Each of these sources can be dealt separately for analyzing the economic concepts contained in these sources. It may be mentioned that these texts are available from the Indian Sources only. The Sumerian, Babylon, Greek, Roman, Chinese and some other great civilizations which achieved tremendous heights in all spheres of life including economic.

The spread of Indian cultural and civilization in the East through the globalization process that India led in the past is evident through language, literature, religion, society, art and sculpture, is still practiced in the East Asian Countries. Through the cultural exchange between the trading countries permanent imprints were made by the dominant culture on others. Considering the highly developed nature of Indian society in the 1st millennium, we find duplication of names of Indian cities, rivers and even kings in East Asian countries which are still persisting in distorted and modified forms. It is really interesting to find Sanskritised names of people in a different form, where the people do not know their meaning.

Buddhism and Hinduism spread extensively in the countries like Malaysia, Indonesia, Combudea and other countries. The famous temples of Borobudur, Prambanan, Ankor Bhat, Batu Caves, and many other less known Buddhist or Hindi temples were ample evidences of the influence that India could exert on these countries through its globalization process.

The Indian economic thinking of the past may be utilized in two different ways. As a long term project, it is possible to provide an alternative model of economy based on Indian concepts to replace the existing Western ones by embracing which we have not been able to reach our desired rate of progress since independence and are facing new challenges to our social fabric under the unipolar economic order.

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18 Ibid., p. 219.
19 Ibid., p. 207.
In the short-run, it is possible to implement at least at the sectoral level many of the Indian teachings profitably as an alternative to the existing strategies, especially in the areas of agriculture, irrigation and water management, environment and forestry, patents and trade, food and clothing habits, building and construction, education, tax policy, approach to poor and poverty reduction etc. with an eye to restore the value system to check corruption and crime which are eating into the inner strength of the nation. With the criminalization of politics and the existing mind set of the people favoring the West, it is certainly difficult to ensure a rapid progress in the desired direction, but it is the duty of the academicians to educate the people so that our next and future generations may enjoy a better world than we presently experience.\(^{20}\)

India is a small player in international trade, only about 0.6% of the world trade. But the economy of the country is globalizing fast. The ratio of international trade to GDP of the country increased from 15.6% in 1990-91 to 20.8% in 1999-2000. The ratio of foreign investment in the country to the exports increased from mere 0.6% in 1990-91 to 13.4% in 1999-2000. The behavior of the producers and consumers is changing fast. The strong winds of globalization have made the Indian corporate sector feel shy of manufacturing sector and they are now attracted more towards service sector. The vehicle of our economy, which was earlier on a village road, has been put on a highway and there is need for avoiding the crisis and accidents so as to reach the destination.\(^{21}\)

India's experience certainly suggests that there is no reason to fear that globalization will hurt India's growth prospects. On the contrary India has experienced a district improvement in growth in the period when its policies reflected the compulsions of globalization, compared with the 1960s and 1970s, when the Indian economy grew

\(^{20}\) Ibid., p. 221.
\(^{21}\) Ibid., pp. 143-144.
relatively slowly at an average of around 3.5% per year. Growth accelerated to an average of around 5.8% per years in the 1980s and 1990s and the economy is currently growing at about 6.5%. The present government has targeted a growth rate of between 7% and 8% for the near future. Since population growth has slowed down from 2.2% prior to 1990 to around 1.8% at present, these figures imply that the projected acceleration in the growth of per capital incomes is greater than in the growth of GDP.22

Global forces now play much greater role in the determination of cropping pattern, investment level and pattern, price structure, quality of production, occupational structure and direction of economic activities also. Increased market access, reduction and removal of tariff and non-tariff barriers, investment measures, intellectual property rights etc., have tremendous bearing on the economic of all the countries. It has the potential of raising employment levels, improving living standards, and increasing consumer’s product choice, expanding exchange opportunities and raising national income levels. It is expected to involve greater international division of labor and more efficient allocation of resources, thereby making economies of scale and specialization available to the products of the world. Now consumers can enjoy wide range of products at the cheapest rates. Globalization provides new opportunities for developing countries to derive benefits from FDI. Further, the efficiency of banking and financial sectors is expected to improve with opening of these sectors to foreign competition. Globalization is also expected to improve efficiency in domestic economy due to increase in competition and cost-consciousness.23

The process of globalization was uneven earlier also and is still uneven in many directions. There are less than a dozen developing

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countries which are an integral part of globalization in the late twentieth century: Argentina, Brazil and Mexico in Latin America and Korea, Hong Kong, Taiwan, Singapore, China, Indonesia, Malaysia, and Thailand in Asia. These eleven countries accounted for about 30% of total exports from developing countries during the period 1970-80. Thus share rose to 59% in 1990 and 66% in 1992. The same countries excluding Korea were also the main recipients of direct foreign investment in the developing world, accounting for 66% of the average annual inflows during the period 1931-91. There are no firm data on the distribution of portfolio investment but it is almost certain that the same countries, described as ‘emerging markets’, were the destination for an overwhelming proportion of portfolio investment flows to the developing world. This evidence suggests that globalization is most uneven in its spread and there is exclusion in the process. Sub-Saharan Africa, West Africa, Central Asia, and South Asia are simply not in the picture, apart from many countries in Latin America, Asia, and the Pacific which are left out altogether.

The process of globalization has been uneven over time and across space. The inequalities and the asymmetries implicit in the process which led to uneven development in the late nineteenth century, mostly for political reasons, are bound to create uneven development in the late twentieth century, mostly for economic reasons. There is a real danger that some countries may experience an exclusion from this process of globalization, just as many people within these countries would experience an exclusion from prosperity. Such exclusion from the process of development would increase the economic distance between nations and widen the income disparities between peoples of the world. This would be difficult to sustain in a world where demonstration effects are strong and are reinforced by globalization which creates strong aspirations for consumption patterns or life styles. Economic deprivation could accentuate social
divides and political alienation. If globalization turns into a secession of the successful, it would have an analogue in terms of a secession of the deprived.

Globalization has reduced the autonomy of the nation-state in matters of economic. The object of any sensible strategy of development in a world of liberalization and globalization should be to create economic space for the pursuit of national interests and development of objectives. In this task there is a strategic role for the nation-state.24

The backwash effects, unequal exchange, secular deterioration of term of trade and neo protectionism are the well known arguments put forward against free trade since long. The protests against globalization have become louder and louder. High volatility is a part of globalization, which is the result of wide spreading of forward forex markets, share increase in short term funds and increased use of private funds to finance external debt. Financial globalization creates possibility of speculation of bubbles and economies become more and more prone to exogenous financial and other disturbances. It is no longer that if only United States sneezes, the whole world catches a cold. Economy shocks in any one of the top five or six economies are electronically and instantaneously transmitted across the globe and there may be devastating effects. All countries are facing structural unemployment brought by competitive pressures, new technologies and market-oriented policies. There have been market failures in the past, and there will be new cases of market failures. The blind race of competition has created concerns regarding ozone depletion, global warming and lack of bio-diversity, which may have disastrous consequences for the world. Emerging poverty, and increasing unemployment and inequalities have created doubts whether the process has been instrumental in globalizing poverty. Gap between the earnings of the skilled and unskilled work has widened. Small-

scale industries are facing closure, thereby intensifying the problem of unemployment. Even when the prospects of economics growth were termed as better, but the prolonged recession has dimmed the hopes. There is a fear of more and more rounds of crisis if the situation continues. When crisis arises, the guarantees of success prove illusory; safety nets do not open up or fall short of requirements. Though governments are supposed to keep distance from business enterprises, but when heads roll in business governments are blamed and even the stable governments may fall. IMF and World Bank may not come to the rescue when the crisis arises, but when it occurs, they just seize the opportunity and provide legitimacy to implement their ambitious programme of reforms.

The process of globalization is unstoppable and irreversible. All international institutions, organizations and banks have pro-globalization policies and programmes. There will be further integration of markets of commodities, services and financial assets. Even the regional groupings may become building blocks towards building a new global architecture. Earlier, there was dependency on dollars as on international currency, now Euro has emerged and tomorrow Yen zone may also emerge. In fact, there may be need for more such groupings and if there would not have been continuous hostilities between India and Pakistan there could have been another zone here. No country can afford to remain isolated. Even the choice regarding the degree of integration is becoming limited day by day. The most of severing relationship is huge and unbearable. Information technology has made it impossible to keep national barriers. Actions of the governments are becoming increasingly interdependent. If globalization has drawbacks, other policy regimes are no exceptions. It may be appropriate to say that ‘globalization is the worst possible system except all other.’

It seems ironic that worldwide anti-globalization movements often portray Gandhi as someone who shared the same side of the ideological spectrum, when Gandhi himself was clearly a product of globalization. He was educated in London, started his political activities in South Africa before he even joined the political arena in India and greatly influenced by Western figures such as Jesus, Leo Tolstoy, Henry David Thoreau, John Ruskin and some other writers. Gandhi himself identifies globalization as an ancient phenomenon, whereby he claimed that it was not a bigger threat to India as various races starting from the Greeks and Huns to the British had invaded India but ended up being a part of the nation. He believed that the mingling of cultures in India would not be a threat to India's own customs and culture. However, he did identify that the establishment of a global society would carry certain dangers for the sovereign nations such as colonialism, both cultural and political, industrialization and commercialization of the economy leading to class antagonism and environmental hazards. Today, we see many of those problems emerge clearly in our lives and hence, Gandhi's relationship with globalization remains extremely important and his ideas valid even today. Gandhi himself was a great believer in the preservation of the ancient Indian culture and norms of society. Gandhi’s movements to earn rights for Indians through strictly non-violent movements both in South Africa and India have been an invaluable component of the globalization of the Civil Rights Movement. Gandhi’s desire to safeguard peasant’s rights seems as valid even today, where one of the most heated debates on the WTO is between the US, EU and G20 led by India and Brazil about agricultural subsidies.

Thus, the crucial question facing us surely is – Are the notions of Gandhi and Globalization contradictory? Not necessarily, it seems. Some of his ideas may seem utopian and unrealistic in the global society today, while others may seem in direct opposition to everything
globalization and liberalization stands for. However, many of his principles remain valid today and applied worldwide, the most notable being the principle of Satyagraha. He brought forward practical issues facing the globalization process today – that of environmental concerns, equality of rights for all, rural development and evils of violence. However, to sum up Gandhian attitude towards globalization as it stands today, it seems apt to conclude by quoting Kaviguru Ravindernath Tagore -

“We have for over a century been dragged by the prosperous West behind its chariot, choked by the dust, deafened by the noise, humbled by our own helpfulness and overwhelmed by the speed. We agreed to acknowledge that this chariot-drive was progress, and the progress was civilization. If we ever ventured to ask, progress towards what, and progress for whom, it was considered to be peculiarly and ridiculously oriental to entertain such ideas about the absoluteness of progress. Of late, a voice (Gandhi) has come to us to take count not only of the scientific perfection of the chariot but of the depth of the ditches lying in the path.”26

Globalization is but the latest stage in the long drama of the development of human civilization. Whatever the costs inflicted by it during its extensive phase, it has been productive of much good during its intensive phase, even though its benefits have undoubtedly not been shared equally across the world. But the potential for sharing at a wider level is nonetheless there. Even as much remains to be accomplished. More people have been lifted out of poverty and misery in the world by it in a shortest span of time than in any other equivalent period in history.27

The pursuit of development in the context of globalization necessitates a role for the nation-state in the domestic economic

26 www.gandhifoundation.net/articles/globalization.htm
sphere and in economic or political interaction with the outside World. In the national context, the state must endeavor to create the preconditions for industrialization and development, bargain with international capital to improve the distribution of gains from cross border economic transactions, practice prudence in the macro management of the economy so as to reduce vulnerability, and intervene to minimize the social costs associated with globalization. In the international context, the state should attempt to reduce the asymmetries and the inequalities in the rules of the game, build strategic alliances among developing countries for this purpose and, whenever possible, seek out areas of convergence with the state in industrialized countries in terms of real politic or geo-political interests.28

For the developing world, the nation state remains at the heart of the project to accomplish the developmental transition, defying the prediction of both supporters and critics of globalization. That is so because the state has its own compelling logic relating to power and legitimacy in society, centering on security and welfare. Even if perchance the state were to give way to a world federal structure in the future, only those who have already made the developmental transition are likely to have a say in the form that structure takes. The rest will remain regime-takers rather than regime-makers in the new dispensation. Given such a prospect, many states will perhaps see as their key responsibility to exploit in a prudent fashion, no doubt the larger opportunity that globalization presently offers for making the transition rather than obsess over its secondary short comings. The message, then, would seem to be clear; translated into biblical language it would read in what is in essence a fundamental Marxian in sight: 'Seek ye first the economic kingdom (development) and all else shall follow'. Undoubtedly, globalization is no panacea and it is certainly not without risks-just as no public policy is but, utilized

28 Ibid., pp. 115-116.
intelligently and prudently, it can assist in achieving that goal. An honorable and equitable order is possible when the better-half and the worse-half relationship can be replaced by equal half.

To find the right balance between benefits and costs associated with globalization, citizens of all nations need to understand how globalization works and the policy choices facing them and their societies and when we talk on globalization, the reference of self-governance comes itself, as the system of local government is found in every nation as part of its government or constitutional structure, irrespective of its dominant political philosophy and the form of national government. The new phase of globalization is hegemonic and forced. The developed nations are compelling the developing countries to open their markets and simplify the business procedures. This is also done at ideological level. The propaganda that globalization will benefit all makes some of the immature leaders in these countries to believe that the market will take care of all.

Globalization has resulted in the intensification of ethnic and religious conflict and violence. Globalization with its attendant social change has precipitated fragmentation at the local level. On the one hand, the resurgence of ethnic and religious strife can be understood as an effort to assert identities and to ascribe meaning in the face of global forces over which one has no control. However, there is another dimension to ethnic/religious strife that needs to be scrutinized.

SELF-GOVERNANCE

No government structure, whatever its character, can be complete, without some form of local institutions. The system of local government is found in every nation as part of its government or constitutional structure, irrespective of its dominant political philosophy and the form of national government. Historically Local Government is an ancient institution with a new

29 Ibid., pp. 43-44.
concept. It embodies the individuality of man’s group activities reflecting the spirit of liberty. It is an integral part of the four tiers in which most of the governments of modern times function. The institutions of Local Government which are universally recognized as the ‘grass roots’ of a democratic set up constitute one of the most underdeveloped segments of our political system.

Literally, Local Government means the administration of a locality. In general Local Government (as opined by W.A. Robson) may be said to involve the conception of territorial, non-sovereign community processing the legal right and the necessary organization to regulate its own affairs. According to the Encyclopedia of Britannica, "Local Government means authority to determine and execute measures within a restricted area inside and smaller than the whole state". The variant self-government is important for its emphasis upon the freedom to decide and act.30

The concept of local government thus, is multi-dimensional. It has been pointed out that it is basically an organized society entity with a feeling of oneness. Further, local government is an administrative concept, not known to other levels of government with its councilors involved in making, unmaking and remaking administrative decisions in council and its committees with direct bearing on civil services to the local people, and now in nation building activities.31

History of Local Government in India:

Perhaps no other aspect of Indian government system presents so marked diversity in character as does the areas and institutions of rural local government.

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31 Ibid., pp. 47-48.
The institution of local government has flourished in India since time immemorial. The Panchayats or village governments as they were called were ancient institutions and were themselves small republics. They exercised power in various spheres such as industrial, commercial, administrative and social including civil education and religious functions. Megasthenes gave a description of the administration of a town in the third century before Christ. Various types of local government institutions existed under the Chola, Pallava, Pandya, and Vijayanagara Kingdoms. They were the Sabhas, Ur, Nagaram, Nadu and Mandalam. Coming to the period of Mughal rule in India one finds a system of Local Governance in existence.

The modern system of Local Government in India is based on the Britishers creation. The Indian Statutory Commission observed “Local self-government in India in the sense of a representative organization, responsible to a body of electors, enjoying wide powers of administration and taxation, and functioning both as a school for training in responsibility and vital link in the chain of organizations that make up the government of the country is a British creation”.

Viewed in its narrower sense, the Indian system of local government can be said to comprise only two sub-systems—Panchayati Raj and Urban Local Bodies—(Municipal Corporations, Municipalities, Town’s Area Committees and Cantonment Boards). Both these sub-systems are territorially based and are managed by the popularly elected representatives of the inhabitants of the villages, towns and districts. But these two sub-

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systems do not provide in themselves a complete account of the whole system of Local Government. In addition to them, there are a number of other structures which might not be territorially organized or which may not exercise autonomous jurisdiction, but are closely associated with the management of some of the important facets of civic life. By no criterion, can these be kept out of the broad framework of local government. Their inclusion makes the system not only comprehensive in scope but also complex in nature. Their number apart, they also exhibit too much of functional over-lapping, which further adds to the complexity of the system.\footnote{Bhatnagar, S., \textit{Rural Local Government in India} (New Delhi: Light & Life Publisher), 1985, pp. 5-6.}

In the Independent India, the role of the Local Self-Government acquired a new significance. The advent of freedom and the acceptance of the concept of welfare state posed new challenges and apparently conflicting aims. Gandhi sought to recapture the ideal in the revitalization of village life. He wanted panchayats to be made responsible for the total development of village.\footnote{Bhayana, S. S. and Chiraya, S. S., Op. Cit., pp. 87-88.}

The modern Democratic State is generally governed from two levels, Central and Local. The Central Government, extending its jurisdiction over the whole length and breadth of the country, administers such affairs of the nation as pertain to the state as a whole. The local government, on the other hand, deals with small issues of local importance. In case the State happens to be a federation, a third governmental level is also interposed in between the Central and the Local levels. This intermediary ring operates at the regional level, which in different States is differently known by such terms as the governments of the State, Province, Canton, etc. As regards the powers and
organization of these governments, the Central and State governments possess original powers, which along with their organizational pattern, are generally specified in a written constitution. But so far as the local government is concerned, it is generally the creation of the higher governments, which alone determine the type of organization as well as the extent of autonomy that it is to enjoy. The latter is thus a subordinate government, exclusively depending upon the goodwill of the State and the Central governments.

Local Government, as the term itself suggests, is the government of a locality, as distinguished from the government of the country or region thereof. Locality generally refers to a small segment of the national territory (village, city or district), whose inhabitants not only share a community of interests and civic culture but also collectively manage the essential services and other common affairs. Local government thus connotes the twin concept of the compactness of the community and the local management of its affairs. The latter aspect which is widely considered as an essential feature of local government further implies that the residents of the locality should govern it themselves through the agency of their popularly elected representatives. However, the definition of local government is often outstretched to include even those officials and other agencies of the Central/State Government who are specially deputed by the latter to manage the affairs of the locality. Local Government may thus be loosely described as the sub-system of the national political system of a country which includes both the local community and the local officials, whether elected by the former or appointed by the Central Government. Quite often, a distinction is made between Local and Local Self Government, which we describe in the following paragraphs.

Local government is generally created in two different ways. The first method is that of administrative decentralization. According to this method,
the central government, when confronted with the problem of congestion of work at the headquarters, or motivated by a desire to provide efficient administration, may appoint field officials and vest in them some degree of administrative discretion (the extent of which depends upon the mental make up of the men at the helm of affairs or upon the type of situation that needs to be tackled). Under such an arrangement, the field officials enjoy a few, limited and specially delegated powers and do not possess any authority at all. That is why they remain dependent upon the central government which can modify their powers at will. They are, thus, the creation of an administrative action and do not possess an authority at all. Elucidating the implication of decentralization, Harold F. Alderfer says, 'In decentralization, it merely sets up administrative units or field stations, singly or in a hierarchy, separately or jointly, with order as to what should they do and how they should do. No major matters of policy are decided locally, no fundamental decisions taken. The Central agency reserves all basic powers to itself. Local officials are strictly subordinate, they carry out orders.' The local government, created thus, is nothing better than an administrative projection of the Central or State government. This type of government may be described as Local Government, as distinguished from Local Self Government.

The other method is that of decentralization, where under the institutions and not officials of local nature are created and the usual mode of establishing them is parliamentary action. The statutes that create them clearly define their territorial and functional jurisdiction and also lay down the broad guidelines in accordance with which they are to be organized. Unlike the institutions of local government, they do not owe their existence or powers

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to the administrative flats of the central or state government. They exist in their own right. If their jurisdiction is be modified, the law governing them must be amended by the same legislature which has created them; simple administrative action would not do. To quote Harold F. Alderfer again, “In decentralization, local units are established with certain powers of their own and certain fields of action in which they may exercise their own judgment, initiative and administration.” The institutional fabric, created thus, may be described as Local Self Government.

The role of the Local Government in democratic education can hardly be exaggerated. It opens the eye of the novice to the difficulties of government. It enables him to distinguish what is idealistic and what is practicable. It teaches him how to use power. It develops the spirit of give and the take. In short, it imparts instruction in practical politics. A person who enters State and Central politics without such experience is likely to commit serious mistakes. Local Government is the basis of democracy and it is also true that the stabilization and extension of local government resulted in the education of the masses and in their active participation in public life.

Self Government means, continuous effort to be independent of Government control, whether it is Foreign Government or whether it is national. Self Governance, to Gandhi is the basic requirement for the success of democracy. For him a decentralized democracy based on non-violence must consist of groups settled in small communities or villages in which voluntary co-operation is the condition of dignified and peaceful existence. For him, it is the only way to realize the values of democracy from the grass root level as it will enable the people to participate in taking and implementing decision without a rigid and strict control of any higher authority.

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Gandhi made first reference to democratic decentralization sometime in February 1916, while appreciating the working of the ancient 'Indian Panchayat' system. During the non-cooperation movement the Panchayat system acquired greater significance as it offered an alternative to the English Judicial system. It represented the positive aspect of the programme of boycott of courts.\footnote{Sharma, M. L., Gandhi and Democratic Decentralization in India (New Delhi: Deep and Deep Publications), 1987, p. 42.}

According to Gandhi, Self-Government depends entirely on our internal strength, our ability to fight against the heaviest odds. Indeed, Self Government which does not require that continuous striving to attain it and to sustain it is not worth the name.\footnote{Harijan, Op. Cit, Vol. X, p. 5.} Gandhi’s concept of democratic decentralization bears the stamp of his passionate belief in non-violence, truth and individual freedom. He calls it Panchayati Raj or Village Swaraj. He wants to see each village a little republic, self-sufficient in its vital wants organically linked with the higher bodies and enjoying the maximum freedom of deciding the affairs of the locality. According to Gandhi real India lives in its villages.\footnote{Collected Works of Mahatma Gandhi (New Delhi: Publications Division, Ministry of Information and Broadcasting, Government of India), Vol. 71, 1958-83, p. 12.}

Gandhi’s viewpoint is that development is an effort which has to be shouldered by myriad segments of people. They can work hand in glove and become complementary to each other only when they have ‘mutual trust’ and development gained by negative means can’t be total, but partial. The political as well as economic problems of a country can be solved only when local bodies are no longer the agents or slaves, but the partners and planners of the development. It has been felt that things imposed from above do not educate the people nor can they convince them. The people must have the feeling that they are participating in their own programmes. It is most important that they should manage their development programmes.\footnote{Ibid., p. 69.}

In an era of globalization and decentralization is the principal countervailing trend which can ensure that the growth process is pro-poor,
pro-women, pro-nature and pro-jobs. As market integration and technological innovation tender the national frontiers more permeable, it is crucial to put in place and strengthen systems of negotiation, regulation and decentralized governance. These can ensure that the voices and concerns of the poorest of the poor, in keeping with Mahatma Gandhi’s message, are center-stage in policy dialogue at the global, regional and national level.

People around the world are demanding greater influence in the decisions of their government. Decentralization itself is neither good nor bad. It is a means to an end, often imposed by political reality. Successful decentralization improves the efficiency and responsiveness of the public sector accommodating potentially explosive, political forces. Unsuccessful decentralization threatens economic and political stability and disrupts the delivery of public services. How decentralization affects access to and quality of public services depends on the way it is designed and implemented. What Local Governments can achieve depends on the resources and responsibilities they are granted. Improving, a local service requires an effective local service administration. Even a well-meaning political team cannot overcome incompetent administration.

Moreover, it is necessary to strengthen local governments because they provide a pertinent political education for the citizens. They are the training grounds for democracy. Local governments also provide a better quality of participation. Based on the community and a familiarity with society and its members, it provides more meaningful participation. Local democracy will not flourish if local governments are administratively incapacitated. Inspite of the 73rd and 74th Constitutional Amendments many of the case studies testify to concerns about excessive State control, inadequate financial resources, the poor quality of public officials, the use of local governments for party political clientelism, shortages of management skills. Such incapacity has a destructive effect on local governments standing in the mind of the public and its ability to take on new roles within programmes for decentralization. Therefore, efforts should be made to improve the
effectiveness of local administration. Apart from strengthening of local level institutions, lot more can be achieved through people’s participation.46

Dissatisfaction of disgust for the malfeasant, over-sized government usually leads to the demand for less government. The real issue, however, is not ‘Big Government’ or ‘Small Government’. The salt of a democratic government is its closeness to the people. What is needed is effective government, because there are always some national problems that require national solutions. Emasculated and non-effective government is not suitable for finding out national solutions to national problems and for serving what Madison called “the permanent and aggregate interests of the community”.

Perhaps the most pernicious legacy of the era of expanded government has been to engender widespread public mistrust of government itself. This mistrust is founded on larger considerations than governmental waste and inefficiency.

Government’s rules and procedures as well as policies of welfare create divisions among the people who, in a stable and democratic society, should have a common culture of living.

Even the ideology of social justice, when carried through governmental policies and programmes, makes way for a big and complicated machinery of government and official (that is, government-sponsored) polarization setting one section against the other. In such situations the respect for government in the minds of its citizens goes down. Down-playing the role and importance of government may, in the end, legitimize the idea of government itself.

The remedy lies in making government limited but effective. Oversize governmental administration needs to be goal-trimmed only with the sole goal of making it effective, and not undermining it. A democratic government is the product of its people’s choice and can legitimately claim people’s support. As George Washington, the first President of the United States, observed in his

Farewell Address to the nation,...“Respect for its (government’s) authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true liberty”. For being effective, government needs to be refashioned and reinvented, not played down.47

At the end we can say that India should not develop a Capitalist of developed one nor a Socialist model, rather we should develop Indian model of growth and equity, where rise of all is possible without any discrepancy to any segment as it is a diversified country. So here the aim of good governance will be to eradicate poverty and to provide basic amenities of good life. India will be a State of peace and prosperity where there will be no hunger, no food-insecurity, no crime, no regionalism, no favoritism, no nepotism, and no terrorist-activities. The State should develop her capacity along with promoting the capacity building of every individual and members of civil society to face any challenge in future. Further, we can say that as globalisation is indispensable, so it is our primary duty (state’s responsibility and look out) to provide good infrastructure as the foundation stone of good governance — to attract transnational’s to strengthen our economy to ensure basic minimum needs for good life. To this we can add ‘Swadharma’ of Indian Culture, which stress ‘Duties’ of every citizen than ‘Rights’. Hence, good governance can be achieved in India only when we put stress upon Indian tradition. We have to think about ‘other- regarding’ aspects of human life. Here comes the question of commitment. In the days of privatization, duties are solutions. So when good governance is e-governance or enjoyment of a dignified way of life, for India it means providing basic amenities of good life to millions of Indians who are far away from the mainstream. Finally, good governance for India is just the fulfillment of the dreams of founding fathers of modern India.