

## DECENTRALIZATION: CONCEPT, TYPES AND OBJECTIVES

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Generally decentralization means the reverse process of centralization, where the decision making power and authority did not centralized in the top executive; it is the process of dispersing decision- making power and authority to the grass root level of the administration or the people. Decentralization can be considered as a policy of delegating decision making authority down to the lower levels in an organization, relatively away from and lower in a central authority. Lexicographically, decentralization means both, reversing the concentration of administration at a single center and conferring powers to local government. The dictionary captures the idea of decentralization as a political phenomenon involving both administration and government (Smith, 1985). According to Piffner and Sherwood (1960), in some respect, decentralization has come to be a gospel of management. Firstly, it is regarded as a way of life to be adopted at least partially on faith; secondly, it is an idealistic concept, with ethical roots in democracy; it is beginning of a more difficult way of life because it involves a change in behavior running counter to historically root cultural patterns of humankind.

In some countries, decentralization is seen as a way of mobilizing support and ensuring participation in national development policies by making them better know at the local level. In most Asian countries, decentralization has taken two major forms, one has been the de-concentration of responsibility for development functions to field agencies without giving them discretion or autonomy; the other has been delegation of functions to agencies that are outside the regular administrative system (Rondinelli and Cheema, 1983).

It is impossible to standardize the usage of the word 'decentralization' by seeking to give it meaning that would be acceptable universally. The English language took the word from Latin and it has innumerable applications. Through all of them, however, runs a common idea, which is inherent in the word's Latin roots, meaning 'away from center' (Macmahon, 1961, p.15). To some, decentralization denotes the transference of authority, legislative, judicial or administrative, from a higher level of government to a lower level (White, 1959). The process of decentralization basically seeks to create greater energy, a higher sense of responsibility and better

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moral among the field agents (Mukhopadhyay, 1980, p.5). Although the Basic Idea of decentralization is sharing the decision-making authority with lower levels in the organization, power can be shared within the system, at a lower level, or by creating new mechanism in the System. Power can also be shared with outside organization or agencies (Meenak Shisundaram, 1999). As a process, decentralization can play important role in broadening local people's active participation in political, economic and social activities and as well as decision-making process of the government.

On the issue of decentralization the World Development Report (1999/2000) has taken a value neutral stand, acknowledging at the same time that there is a worldwide acceptance of decentralization for a variety of reason. To quote The Report: "Decentralization itself is neither good nor bad .It is a means Is to an end, often imposed by political reality. The issue is whether it is successful or not. Successful decentralization improves the efficiency and responsiveness of the public sector while accommodating potentially explosive political forces. Unsuccessful decentralization threatens economic and political stability and disrupts the delivery of public services." Contemporaneously there is a firm conviction that a greater degree of accountability, responsiveness and participation through 'decentralization' can make a big difference by making the provision of local services more efficient, equitable, sustainable and cost effective. Through community participation in decision making, planning, implementation and monitoring and backed by appropriate institutions and resources, decentralization can go a long way in improving the quality of life, particularly of the poor and marginalized section of society. From the functional, as against ideological, point of view decentralized service delivery is a key determinant of the scope for less developed countries to achieve the Millennium Development Goals. (Bhattacharya, 2011, p.14)

James Manor(1999) discuss the concept of decentralization differently in his masterly monograph on *'The Political Economy of Democratic Decentralization'* as "decentralization is being considered or attempted in an astonishing diversity of developing and transitional countries by solvent and insolvent regimes, by democracies(both mature and emergent ) and autocracies, by regimes making the transition to democracy and by others seeking to avoid that transition, by regimes with various colonial inheritances and by those with none. It is being attempted where civil society is strong, and where it is weak. It appeals to people of the left, the center and the right, and to groups which disagree with each other or a number of other issues. Some policymakers and social scientists, influenced by neoliberal ideas, have viewed decentralization as a means of shifting power away from the commandant state which has discredited itself in their eyes through rent-seeking and other practices. Other frustrated by the poor results of centrally organized interventions to reduce rural poverty, have begun to see decentralized mechanism

as a possible alternative. Enthusiasts for cooperative development efforts by village communities have viewed it as a means of encountering this. Postmodernist anthropologist and a diversity of activists and commentators who stress the need to draw upon the knowledge of people at the grass roots see it as a means to that end. Advocates of pluralist, competitive polities have regarded decentralization as a device for deepening democracy or for prying closed system open, to give interest groups space in which to organize, compete and otherwise to assert themselves. Some politicians in central governments see it as a means of off-loading expensive task onto others lower down. The leaders of some substantially autocratic regimes in the South have seen it as a substitute for democratization at the national level, and as a safe way to acquire much-needed legitimacy and grass roots support. Taken together these diverse groups represent a potent coalition for change.

The most acceptable general definition of decentralization is by Rainelli as, "... the transfer of responsibility for planning, management, and resource-raising and allocation from the central government to (a) field unit of central government ministries or agencies; (b) subordinate units levels of government; (c) Semi – autonomous public authorities or corporations; (d) area-wide regional or functional authorities; or (e) NGOs/PVOs' (Rondinelli, 1981). Mowhood and Smith define decentralization differently, they mean by decentralization any act by which central government formally cedes power to actors and institutions at lower levels in political administrative and territorial hierarchy (Mowhood, 1983 and Smith, 1985).

According to Mohit Bhattacharya (2009), decentralization is a relative complex and multi dimensional process. It is relative in that it describes the distribution of state resource (responsibility, finance, personnel or discretionary authority) between various institutional actors within the state and /or society against some normative mode in space or time. It is a complex process in that it incorporates and impacted upon by political, economic, institutional and cultural factors. Moreover, actual programmers' of decentralization are mixture of centralization, privatization, and de-concentration and in some cases devolution. Finally, decentralization is a multidimensional process that defines the distribution of power and resources between state and society, the executive and other branches of government, at micro level between central and local government, central government and their field units, local governments and non- governmental entities as well as at higher levels between governmental units within a federal or international system.

Decentralization is a complex multidimensional concept or Process of dispersing decision- making governance closer to the people or citizen and the transfer of authority and responsibility for public function from the central government to intermediate and local Governments or quasi-independent government

organizations and the private sector as well as non-governmental organization. It also called departmentalization is the policy of delegating decision-making authority down to the lower levels in an organization, relatively away from and lower in a central authority. A decentralized organization shows fewer tiers in the organizational structure, wider span of control, and a bottom-to-top flow of decision making and flow of ideas. In a more decentralized organizations, the top executives delegate much of their decision-making authority to lower tiers of the organizational structure. As a correlation, the organization is likely to run on less rigid policies and wider spans of control among each officer of the organization. The wider span of control also reduces the number of tiers within the organization, giving its structure a flat appearance. One advantage of this structure, if the correct controls are in place, will be the bottom-to-top flow of information, allowing decision by officials of the organization to be well informed about lower tier operations. More precisely decentralization is a process and an ideological principle associated with the objectives of self-reliance, democratic decision-making, popular participation in government and accountability of public officials to citizens.

**Types of Decentralization:** Decentralization is usually classified as political, administrative, fiscal and market decentralization. The type of decentralization will depend on the political structure and administrative issue of the country. Drawing distinctions between these various concepts is useful for highlighting the many dimensions to successful decentralization and the need for coordination among them, Nevertheless, there is clearly overlap in defining any of these terms and the precise definition are not as important as the need for a comprehensive approach. Political, administrative, fiscal and market decentralization can also appear in different forms and combinations across countries, within countries and even within sectors.

**Political decentralization:** political decentralization is the transfer of authority to a sub-national, regional or a local level body. It aims to give citizens or their elected representative more power in public decision-making. It is often associated with pluralistic politics and representative government, but can also support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies. From the perspective of democratic principles, decentralization then means the distribution of powers between elected authorities. Advocates of political decentralization assume that decision made with greater participation will be better informed and relevant to diverse interests in society than those made only by national political authorities. The concept implies that the selection of representatives from local electoral Jurisdiction allows citizens to know better their political representatives and allows elected officials to know better the needs and desires of their constituents. Political decentralization often

repairers constitutional or statutory reforms, the strengthening of legitimized democratic decision-making process, creation of local political units, and the encouragement of effective public interest groups.

Participation and decentralization are formally related with each other. On the one hand, successful decentralization requires some degree of local Participation. Sub-national government proximity of their constituents will only enable them to respond better to local needs and efficiently match public spending to private needs if some sort of information flow between citizens and the local government exist. On the other hand, the process of decentralization can itself enhance the opportunities for participation by placing more power and resources at closer, more familiar, more easily influenced level of government. In environments with poor tradition of citizen's participation, decentralization can be important first step in creating regular, predictable opportunities for citizen-state interaction. The symbolic relationship between decentralization and participation leads to somewhat contradictory policy guidelines. On one hand, mechanism for participation could be considered a helpful pre-condition when evaluation the prospects for successful decentralization. Accordingly, the design of decentralization should take into account the opportunities and limitations imposed by exiting channels of local participation. On the other hand, lack of participatory mechanism could be considered a motivation for decentralization and can help create local demand for more participatory channels to voice local preferences.

As Decentralization is a complex social experiment a good case may be made for there to be more flexibility in the ability to change the specify of implementation instruments, while enshrining the political and philosophical principles in the constitution and operating structures in the laws. In addition to 'substantive' law mentioned above, a country's 'procedural' laws can have profounder impacts on the success of decentralization efforts. For example, when local expenditures must be 'pre-audited' by a central authority, rigidities are introduced which make the benefits of decentralization more difficult to achieve. When reviewing the legal framework for decentralization, it is not sufficient to examine only decentralization specific laws, other laws which mandate aspects of service delivery, constitution of civil service, budgeting and financial management (e.g. accounting reform and audit) and so on, must also be considered to judge the real extent of decentralization. Treatment of key issue in the legal and regulatory frame works will be shaped by whether the overall Government System is unitary or federal ( Bhattcharya, 2009,P.8-10).

**Administrative decentralization:** The main aim of the administrative decentralization: is to redistribute authority, responsibility and financial resources for providing public service among differently levels of governance. It is the transfer of

responsibility for the planning, financing and management of public functions from the central government or regional governments and its agencies to local governments, semi-autonomous Public authorities or corporations, or are –wide, regional or functional authorities. The three major forms of administrative decentralization, de-concentration, delegation, and devolution each have different characteristic.

**De-concentration-** It is the weakest form of decentralization and used most frequently in unitary states-redistributes decision making authority and financial and management responsibilities among different levels of the national Government .it can merely shift responsibilities from central government Officials in the capital city to those working in regions, Provinces or districts, or it can create strong field administration or local administration capacity under the supervision of central government ministries.

**Delegation:** is more extensive form of decentralization. Through delegation central governments transfer responsibility for decisions-making and administration of Public functions to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it. Governments delegate Responsibilities when they create Public enterprises or corporations, housing authorities, transportation authorities, special services districts, semi- autonomous school districts, regional development corporations, or special project Implementation units. Usually these organizations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service Personnel and may be able to charge users directly for service.

**Devolution-** is a type of administrative decentralization. When Governments devolve function, they transfer authority for decision-making finance, and management to quasi –autonomous units of local Government with corporate , Devolution usually transfers responsibilities for services to local Governments that elect their own elected functionaries and councils , raise their own revenues ,and have independent authority to make investment decisions in. in a devolved system, local government have clear and legally recognized geographical over which they exercise authority and with which they Perform Public functions. Administrative decentralization always underlies most cases of political decentralization

### **FISCAL DECENTRALIZATION**

Dispersal of financial responsibility is a core component of decentralization. If local governments and Private organizations are to carry out decentralization functions effectively, they must have an adequate level of revenues-either raised locally or transferred from the central government –as well as the authority to make decisions about expenditure. Fiscal decentralization can take many forms,

Including:

- i.) self financing or cost recovery through user charges,
- ii.) co financing or co-production arrangements through which the users Participate in proving services and infrastructures through monetary or labor contributions ,
- iii.) expansion of local revenues through property or sales taxes or indirect charges,
- iv.) inter governmental transfers that shift general revenues from taxes collected by the central government to governments for general or specified uses: and
- v.) Authorization of municipal borrowing and the mobilization of each national or local government resources loan guarantees.
- vi.) In many developing countries local governments or administrative units possess the legal authority to impose taxes, but the tax base is so weak and the dependence on central government subsidies so ingrained that no attempt is made to exercise that authority.

#### **MARKET OR ECONOMIC DECENTRALIZATION:**

The most complete and Popular Forms of decentralization from a governments Perspective are Privatization and deregulation because they shift responsibility for functions from the Public to Private sector. Fully centralized system runs the risk of being inefficient because it is poorly informed and does not create proper incentives .As outcomes of Policies are dependent upon implementation by bureaucracies. The administration responsibilities are Transferred to those level where the Corresponding tasks arise. One expects the most effective execution of tasks at the local level .This has led to the Acceptance of the idea that implementation concerns should guide policy from the bottom up. Rather than vice versa. Privatization and deregulation are usually, but not always, accompanied by economic liberalization and market development policies. They allow functions that had been primarily or exclusively the responsibility of government to be carried out by businesses, community groups, co-operatives, private voluntary associations, and other non-government organizations. Privatization can range in scope from leaving the Provision of goods and services entirely to the free operation of market to "Public-Private Partnership " in which governmental and the Private sector co-operate to provide services or infrastructure Deregulation reduces the legal constraints on the private sector in their delivery of services Previously monopolized the government .in recent year Privatization and deregulation have become more attractive alternatives to governments in developing countries(Bhattacharye 2009,p-11).

All these forms of decentralization can play important roles broadening Participation in Political, economic and social activities, under appropriate conditions in developing countries.

Human Development Report (1993),” Decentralization governance- from capital cities to regions, towns and villages can be one of the best means of promoting participation and efficiency. Local Officials and Politicians can be national governments and more accountable to the communities and individuals they are supposed to serve .public Project –be they dams. Roads, school or health Programmers - all become much or relevant and effective if the communities concerned have concerned have a real say in their planning and implementation. Decentralization can take several forms: it might be horizontal and vertical.

Horizontal decentralization disperses power among institutions at the same level-a governments sending decisions, rather than being concentrated in an all powerful finance ministry, might be spread across different ministries. Vertical decentralization, which is more important, allows some of the powers of central government to be delegated downwards to lower tiers of authority-to states in federal countries, for example, and then further down to regional and local governments or even to village associations”(Human development report 1993).

Daniel Treisman (Treisman ,2002) identify six types of decentralization on different bases :

- i.) Vertical decentralization-mean by that a system in government or administration is divided into a number of tiers like China having five levels (tiers ) :central , provincial , prefectural, country , town or village.
- ii.) decision –making decentralization-the focus here being on how the authority to make Political distributed among different tiers .of the central government has authority to decide all questions, the system is maximally centralized , in contrast, if the Lower-tire governments have all decision-making rights it is maximally decentralized.
- iii.) Appointment decentralization – concerns the levels at which officials at different tiers are selected and dismissed. The more appointments are made “from above “the lower is appointment decentralization.
- iv.) Electoral decentralization- making by that the proportion of tires at which direct election are held to pick executives. Comparing two systems the same number of tiers the one in which office holders at more tiers are selected in direct elections in the more electorally decentralized one.



- v.) Fiscal decentralization concerns the way tax revenues and public expenditures are distributed among the different tiers.
- vi.) Personnel decentralization-a conception focusing on administrative resources are distributed across different tiers of government." the greater the share of administrative Personnel employed at lower tiers ,the greater is Personal decentralization. \

We can also identify more two types of decentralization, these are:

- i.) Territorial decentralization involves Problem of relationship between the headquarters and many field agencies, which are situated in the different Parts of the country.
- ii.) Functional decentralization signifies the central authority ceding specified decision making function to technical or Professional bodies or experts.

#### **OBJECTIVES OF DECENTRALIZATION:**

Decentralization is a specific (method) process of governance which is seen as important for local democracy and local development. Its main objectives is distribution of power, resources and administrative and decision-makings authority across national territories. The objective, as argued by Ribot<sup>20</sup> ( J.C.Ribot,African decentralization:"Local Actors, Powers and Accountability, UNRISD, Geneva ,2002) includes dismantling or downsizing central government by increasing local participation in democracy and strengthening local government. In the questions of the basic objectives of decentralization, Ladipo Adamolekun<sup>21</sup> (Adamolekun, 1991) has succinctly categorized them into three: administrative, Political and economic.

#### **ADMINISTRATIVE OBJECTIVES:**

The administrative objectives of decentralization can be summed up as administrative convenience and administrative efficiency. This aspect is almost entirely dependent on what an incumbent central government leadership team considers appropriate at a given Point in time. However, there is usually a tendency for administrative convenience to be interpreted to mean the effective political control of the territorial areas of a state by the central political authority. This interpretation directly links the administrative objective to a key dimension of the Political objective of decentralization and, together, they influence the choices that are made on the number of desirable levels of sub-national government unites and choice between the delegation of function and devolution of authority to the established units. With regard to administrative efficiency, the idea is that administrative arrangements in any modern state should seek to promote efficient discharge of the responsibilities of the modern state ranging from the maintenance of a framework of order within the state's borders to the mobilization of resources

and the efficient delivery of services. Obviously, administrative efficiency in the sense of effective resources mobilization and efficient services delivery is linked central concerns in the economic objectives of decentralization and both considerations would also have consequences for decisions on the desirable number and size of sub-national government units as well as for the choice between devolution of authority and delegation of functions. One of key problems in achieving clarity in the objectives of decentralization is the way in which a primary concern with administrative advantage could lead to decision on decentralized institutional arrangements and process that are significantly different from what would be the case if primary concern were with administrative efficiency (linked to the economic objective). These potential contradictions assume greater proportions when they are considered together with the other dimension of the political and economic objectives.

#### **POLITICAL OBJECTIVES:**

Perhaps the most widely cited political argument for decentralization is that the establishment of sub-national government units which characterized by the devolution of authority (either by constitutional choice or through legal arrangements) and the Periodic election of local political leaders, promoter, citizen participation in the political process and ensures that political leaders are accountable and responsive to the citizens. It is generally believed that political participation increases citizen's sense of belonging the state. The combination of a participatory political process with the accountability of the political leadership is expected to ensure that governmental administration at the local level will be both responsive and efficient. In other words, the political objective could reinforce the achievement of the goals of administrative and economic efficiency. In practice, political decentralization has a potentially negative consequence which often reduces its attraction for policy-makers. Although the emphasis local political participation is expected to promote a sense of belonging to the state, it could simply promote a sense of belonging to the locality or region at the expense of the nation state. In countries where loyalty to the nation-state (also called national integration) is still fragile, the tendency is to either to abandon political decentralization altogether or to adopt the form called 'de-concentration'. Clearly, thus devolution of 'real 'authority along with functions, finances and functionaries and periodic elections must take place for political decentralization to contribute to the achievement of administrative and economic efficiency ( in addition to promoting the intrinsic democratic values of participation, accountability and the enhancement of legitimacy that go with these to concepts.

**ECONOMIC OBJECTIVES:**

Decentralization government units are regarded as more conducive to both the formulation and the implementation of development plans, because units are physically closer to the People they are expected to serve. The Planning Process is supposed to directly involve local citizens in the choice of development programme and projects, and their implementation would benefit from citizens commitment to the achievement of plan objectives. A second economic argument for decentralization is that citizens within self- governing local governments are likely to be more willing to contribute financially in support of development activities that are identified and implemented at the local level. The mobilization of local resources for development is further facilitated by the availability of relevant information to local government in contrast to the inadequacy of information that would normally be available to the distant central government. A third economic argument for decentralization is presented by the public choice school as consisting of competition and choice. It is argue that decentralized government units could compete among themselves with regard to the relative quality of goods and services and their relative costs thereby enabling citizens to choose between residence in one local government jurisdiction with high quality goods and service and low costs rather than in another with the opposite set of characteristics .There are two obvious limitations to the Public choice school argument. First, among local government jurisdictions, the impact of competition on the costs of providing goods and service is not always in the direction of reduction in costs. And second, the idea that citizens have a choice between jurisdictions is only practicable in certain socio –cultural and political contexts (for example, the united state of America). At a more general level, the argument that the central government in a developing country is in a better position to mobilize limited available national resources for development (for example ,it has the first choice for the small number of qualified and trained Personnel) could lead to half- half-hearted implementation or total abandonment of decentralization policies.

Today all types of decentralization accepted in many countries for various reasons. As a form of governance decentralization is very use full to provide services to the grassroots level people. Decentralized governance helps to improved accountability, transparency, efficiency and effectiveness of the local government as well as the central government. A decentralized governance system provides at the same time opportunities for a certain measure of uniformity across a country but also opportunities for making required local adjustments in order to be more responsive to the needs and interests of the local population. The success of decentralization frequently depends heavily on training for both national and local officials in decentralized administration. Technical assistance is often required for local

governments, private enterprises and local non-governmental groups in the planning, financing and management of decentralized functions.

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