**CLASS NOTES ON DECENTRALIOSATION**

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**Q. 1 .What is decentralisation? What are its important characteristics? Discuss**

**Meaning:** Decentralization means diffusion of authority. It means dispersal authority of decision-making to the lower level is termed as decentralization. Decentralization extends to the lowest level of the organization. In other words, the transfer of authorities, functions, rights, duties, powers and accountability of the top level to the lower level of hierarchy is known as decentralization. When there is decentralization, the considerable authority, responsibility and accountability are vested to the lower levels of the organizational hierarchy.

Decentralization has different implications to different people. For instance, to an administrator it means delegation of authority to regional and local offices, to an economist it means dispersal of industries; political decentralization means the establishment of new levels of government like autonomous state in Indian Union and Panchayati Raj institution at local levels.

However, decentralization should not be confused with delegation. Decentralization signifies the central authority divesting itself of certain powers which are entrusted to the local authorities. But the delegation implies transfer of certain specified functions by the central to the local authority, which act as the agent and possesses right to issue directives. In other word, in case of delegation, only functions are transferred and authority.

**Definitions**: A few definitions of decentralization are given below:

1. **Henry Fayol**, “*everything that goes to increase the importance of the subordinate’s role is called decentralization*.”
2. **Earl. P. Strong,** “*decentralization means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation*”.
3. **L. D. White,** “*the process of transfer of administrative authority from a lower to a higher level of government is called centralization; converse is decentralization*”.

Thus, decentralization is concerned with the decentralization of decision-making authority to the lower levels in the hierarchy. It increases the role and responsibilities of subordinates at the lower level.

**Characteristics of Decentralization:** Mr. Lilienthal has stated the following essential characteristics of decentralized administration:

1. Large numbers of decisions are made in the field; the field officers must be selected and trained as to develop the capacity to decide the questions on the spot.
2. A decentralized administration develops maximum active participation of the people themselves.
3. In decentralization, the subordinates get a chance to decide and act independently which develops skills and capabilities.
4. Diversification and horizontal can be easily implanted in decentralization.
5. In decentralization structure, operations can be coordinated at divisional level which is not possible in the centralization set up.
6. In the case of decentralization structure, there is greater motivation and morale of the employees since they get more independence to act and decide.
7. The degree of decentralization can be affected by many factors like nature of operation, volume of profits, number of departments, size of a concern, etc.

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**Q.2. What are the factors of decentralization? Discuss different types or kinds of decentralization.**

**Ans:**

**Factors of Decentralisation:** There are a number offactors that governs the process of decentralization. According to James W. Fesler, the issue of centralization versus decentralization is governed by the following four factors:

1. **Factor of responsibility:** Since the Central agency is held responsible for everything in theorganization, it does not easily delegate wide discretionary authority to the field offices and prefers to direct andcontrol all their operations. Thus the factor of responsibility acts as a deterrent to decentralization and favourscentralization.
2. **Administrative factors**: Stability of organizational policies and methods facilitatesdecentralization while frequent changes in them favour centralization. The more competent the field staff, thegreater the propensity to decentralization. The pressure for speed and economy in administration inclines towarddecentralization. Finally, the administrative sophistication, that is, a professional approach to the problem ofdelegation also influences decentralization.
3. **Functional factors:** The scope for decentralization is greater in amulti-functional organization than in a uni-functional organization. Similarly, the technical nature of functionsperformed by the agency necessitates decentralization as the head cannot have the technical competence tomanage all of them directly. The need for uniformity throughout the country in functions like defence,communications, transport, planning and so forth favours centralization.
4. **External Factors:** These include the demand for people’s participation in the administration ofdevelopment programmes, the pressure of political parties and interest groups, the need to strengthen grass-rootsdemocracy and the demand for ‘Planning from below’.

All these factors favour decentralized system and workagainst the centralizing tendencies in administration

**Type of Decentralisation**: There are numerous types of decentralization which may include political, administrative, fiscal, and market decentralization. Further decentralization subdivided into territorial (vertical) decentralization and functional (horizontal) decentralization. Following are the major typologies of decentralization:

**(1) Political decentralization:** Political decentralization is considered as the vital forms of decentralisation. It involves citizens and their elected representatives in public decision-making process. It provides ample opportunities to its citizens or their representatives to participate in public decision-making. The main objective behind political decentralization is to give citizens or their elected representatives more power in public decision-making.

Moreover, the concept signifies that the selection of representatives from local electoral jurisdictions allows citizens to know better their political representatives and allows elected officials to know better the needs and desires of their constituents. Thus, political decentralization often requires constitutional or statutory reforms, the development of pluralistic political parties, the strengthening of legislatures, creation of local political units and also the encouragement of effective public interest groups.

**Examples:** The establishment of City Governments in USA, Panchayati Raj and Municipal Corporations in India, County Governments in Britain and Prefectural Governments in Japan are good examples of political decentralization.

**Advantages:** The most significant advantages of political decentralisation are:

1. Political decentralization gives citizens and their elected representatives more power in public decision-making.
2. It is often associated with pluralistic politics and representative government.
3. Increase the transparency of decision-making.
4. It supports democratization by giving citizens and their representatives more influence in the formulation and implementation of policies.
5. The supporters of political decentralization asserted that decisions made with greater participation will be more relevant to serve the diverse interests in society than those made only by national political authorities.
6. The political decentralization concept indicates that the selection of representatives from local electoral jurisdictions allows citizens to know better their political representatives. Because this allows elected officials to know better the needs and desires of the people.

Thus, political decentralization citizens have more influence in the formulation and implementation of public plans and policies. By involving broader participation, government decisions will be more relevant to various interests in society.

**(2) Administrative decentralization:** Theadministrative decentralisation obviously implies the extent of decentralisation at the organizational level. The aims behind the administrative decentralization are to redistribute authority, responsibility, and financial resources to provide public services at various government levels. Here, we can cite one case; the Union Government transfers the responsibility for planning, financing, and managing certain public functions to local governments, semi-autonomous public authorities or corporations, or regional or functional authorities.

**Example:** It is also called the territorial decentralisation: It stands for the establishments of area administrative units (field offices) by the higher authority (headquarters). For example, the creation of divisions, districts, talukas, circles, and so on in India. These are vested with decision-making powers within specified limits and thus function in an independent manner.

Following are the major forms of administrative decentralization:

**(a) Deconcentration:** It implies transfers of decision-making authority, and financial and management responsibilities to various Union Government agencies. The deconcentration simply shifts responsibilities from Central Government officials working in capital city to those working in different regions, provinces or districts.

**(b) Delegation:** The administrative decentralisation through delegation is a more extensive form of decentralization. Basically, the Central Governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations.

**(c) Devolution:** A third type of administrative decentralization is devolution. It implies changes in the political and fiscal dimensions of government. Local governments to which authority and resources are devolved acquire the power of autonomous initiative and decision making with respect to framing their own rules, goals and objectives. They possess the power of elaborating and implementing their own policies and strategies, and of allocating resources to different activities within the domain.

**(3) Fiscal decentralization:** Fiscal decentralization means providing greater flexibility in managing revenue and expenditure at the regional government level while maintaining financial responsibility. It can take many forms, including by:

1. Provides the authority to make decisions about expenditures;
2. Provides the authority to collect certain types of taxes;
3. Expanding local government revenue sources, for example, property tax, sales tax, or motor vehicle tax; and
4. Transfer of funds from the central government to local governments;

In general, effective fiscal decentralization ensures that local governments have adequate revenue and authority to manage their budgets. The revenue source is usually a combination of local revenue (via local taxes) and transfers from the Central Government. Expenditures are usually for local, rather than national, public services. And, for some vital services, they may still be under the Central government.

**(4) Market decentralization:** Market decentralization involves transferring responsibilities for some public functions to non-governmental organizations (private sector). Thus, the Central government allows them to perform functions previously performed by the government. It goes through deregulation or privatization. For example, the government privatizes public services such as postal services, schools, and waste management.

**(5) Functional decentralisation:** It implies the vesting of decision-making authority in the specialized units by the central agency. For example,the creations of technical or professional bodies in India like the University Grants Commission, Flood ControlBoard, Central Social Welfare Board, and so forth.

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**Q.3. Discuss different approaches of decentralisation.**

**Ans: Approaches of Decentralisation: James W. Fesler’s Approaches**

In Public Administration the concept of decentralization has been approached from the point of view of organizational decision-making. James W. Fesler has grouped different approaches to decentralization into four main categories in his article ‘*Approaches to Understanding of Decentralisation’ (1965).* All these approaches may be discussed in the following ways:

**(1) Doctrinal Approach:** The doctrinal approach views decentralization in terms of idealization or theory which views that things exist only as ideas in the mind. In other words, the approach seeks decentralization as an end in itself and not as a means to the realization of some goal. For instance, the Gandhian concept of ‘concentric circle’ of power distribution and the idealization of village community in Panchayati Raj have reduced decentralization into a mere dogma or a kind of faith. Fesler asserted that such idealization elevated the concept of decentralization to a hardened doctrine, instead of considering the decentralization as a means to the achievement of some end-values. Despite, it lays emphasis on the empowerment of local community such as village, town or city. The essence of this approach is the empowerment of people by granting them decision-making and functional authority.

**(2) Political Approach:** The approach basically denotes the political character of decentralization and believes that decentralization occurs in a political setting. It says that the creation of decentralized units and granting the necessary operational autonomy is decided by political factor. Mohit Bhattacharya opined that decentralization in the shape of devolution of local self-governing bodies marks an attempt to set up autonomous government at the level of the locality.

In India, for instance the creation and functioning of Panchayati Raj institutions as a rural local self-governing body is politically determined. To create and maintain local self-government is, thus, a major political commitment. In the absence of such commitment, it will merely remain in law than in actual practice. This led J.W. Fesler to call ‘illusory decentralization’. For example, in India both Panchayati Raj and Municipal bodies have been granted devolution of power formally, but these bodies are not given sufficient funds, functions and functionaries required to operate as an autonomous institution. As they are controlled or influenced by respective states directly.

**(3) Administrative Approach:** J.W. Fesler viewed administrative approach on the principle of efficiency and effectiveness. In other words, it lays emphasis on the establishment of autonomous decentralized units in the fields is determined by the administrative efficiency factor. When field administrative units are set-up through a process of decentralization, the measure is considered appropriate for field level decision making and prompt problem solving. In this process, many administrative units might come up between the local administration and the Central Headquarters. The creation of regions, divisions, districts, sub-divisions and circles between the state headquarters and the field are such type of units. Currently, in India the district administration is faced with these problems of area-function duality. Hence, decentralisation in administrative terms may not always ensure ‘clarity of authority and orderliness of operations’ In order to resolve the functional duality and to promote operational principles, necessary attempts are needed to readjust from time to time conflicting claims of area and function in deconcentrated field administration.

**(4) Dual-role Approach:** J.W. Fester asserted that the dual-role approach is a kind of rehearsal of the area-functions dichotomy in a new establishment. The approach opposes the maintenance of status quo rather accepts development and change as the basis of decentralization. The approach seeks to highlight the conflict in field administration between tradition and change. It conceives decentralization as a method of resolving conflicts in field administration between tradition and change. The basic conflict, according to Fesler, is between the traditional function of maintenance of law and order, to collect revenue and advancement of socio-economic development. As majority of the developing countries were under colonial domination and have inherited colonial field system of administration are seeking to rapid social and economic change. As a result, there is radical change in the functions of field administration. J.W. Fesler stated that there is intention to change established way so as to carry out rapid socio-economic development. This obviously contradicts with the status quo orientation of a field system and may conflict with the personal orientation of field generalists, is chosen to identify themselves with the class, families, and other groups who constitute the establishment. The resolution of conflict between two different orientations in the field administration calls for adaptations of decentralization to changing circumstances

In India, the usage of status-quo oriented colonial field administration to bring about speedy socio-economic change is leading to area-function dichotomy in district administration.

Approaches of decentralization are thus, adopted for access, peoples participation and political responsiveness. The four basic approaches of J.W. Fasler elaborated different issues and challenges in the realization of decentralization. The doctrinal approach treats decentralization as an end in itself. Similarly, the political approach highlights political character of decentralization. The administrative approach is based on efficiency, effectiveness and rationality. Finally, the reorientation of roles from status quo to change orientation is considered as the crux of dual-role approach.

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**Q.4. Discuss the merits (importance) and demerits of decentralisation.**

**Ans:**

**Significance of** **Decentralization: Advantages (merits)**

In modern administrative system different forms of decentralization play active roles in widening participation of people in socio-political and economic activities. Decentralization provide the opportunity to the people in decision making that are often caused by Central Government planning and control of important economic and social activities.

Following are some the major points of advantages for which it have been advocated by the supporters of decentralization:

1. **Strengthens democratic ideals:** Decentralization is always pro-democratic. It leads to the strengthening the foundation of democracy. Majority of the people actively participate in the functioning of the government. It leads to closer of people-administration contact leading to greater participation in administrative process and thus strengthens democracy at the grassroots level.
2. **Local involvement in decision-making process:** It increases unity and stability by giving groups the ability to participate more directly in development decision making at different section of the society. It makes administration more responsive as the field unit act with the knowledge of local conditions and requirements.
3. **Greater representation:** Decentralization ensure greater representation of political, religious, ethnic and tribal groups in development decision-making that could lead to greater equity in allocation of resources. It encourages the expansion and diversification of the organization for effective goal-achievement.
4. **Prompt decision making:** Decentralization facilitates effective control and rapid decisions. It enables to measure the work according to standard easily and quickly.
5. **Resolving local issues:** Decentralization can serve the interest of the people better. It proves fruitful in resolving the local issues. It is because the local officials have the authority to take quick decisions according to the requirement of the situation.
6. **Increases administrative efficiency:** Decentralization increases administrative efficiency by reducing delays, curbing red-tapism and encouraging faster action.
7. **Promote employee’s motivation:** Decentralization helps to increase employee’s morale because it involves delegation. The employees are motivated to work. Moreover, it will lead to better supervision and motivation of the employees.
8. **Reduces burden:** Decentralization reduces the burden on top executives. It enables the top executive to share his burden with others at lower levels, because here authority is delegated. This facilitates the executives to concentrate on vital issues like policy formulation, examining major problems and so forth.

**Disadvantages (demerits) of decentralization:** The concept of decentralisation is not a panacea and it does have potential disadvantages. Decentralization may not always be efficient, especially for standardized, routine, network-based services. It suffers from the following disadvantages:

1. **More expensive:** Decentralization is costly because it encourages duplication of functions and equipment. As it is costly, it cannot be adopted by small organizations.
2. **No uniform action:** It becomes very difficult to maintain uniformity in action because routine and methods differ from organization to organization and department to department. Each of the unit starts functioning in their own way.
3. **No specialization:** Specialization suffers in decentralization because everyone becomes jack-of-all-trades but master of none. So specialization is affected.
4. **No equitable distribution of work**: It becomes very difficult to distribute workload equitably among different employees working at lower level. It makes communication among various levels difficult and thereby reduces its effectiveness and authenticity.
5. **Lack of co-ordination**: Decentralization may lead to lack absence of proper coordination and integration among the policies of different field stations. Decentralization can sometimes make coordination of national policies more complex and may allow functions to be captured by local elites. Therefore, excessive decentralization results in anarchy and chaos.
6. **All work cannot be decentralized:** There are certain specified works which cannot be decentralized at all. High amount of centralization is desirable in order to performance these duties. For instance, economic planning and audit and accounting, defence necessitates centralization.
7. **Chaos and anarchy:** Excessive decentralization results in anarchy and chaos. It encourages divisive forces in the organization and thus threatens the organizational integration. It increases administrative abuses like corruption, maladministration, nepotism, and so on. These things can be seen in the working of Panchayati Raj in our country.
8. **Weaken national interest:** It weakens the national perspective in administration by breeding localism and parochialism. It can result in the loss of economies of scale and control over scarce financial resources by the central government.
9. **Problem in distribution of resources:** Administrative responsibilities may be transferred to local levels without adequate financial resources and make equitable distribution or provision of services more difficult Also, distrust between public and private sectors may undermine cooperation at the local level.

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**Q.5. SHORT QUESTIONS:**

**(a) Differences between Delegation and Decentralization:** The key points of differences between delegation and decentralization may be stated as follows:

1. When an authority or responsibility is entrusted to the subordinate by a superior is known as delegation. But decentralization refers to the final result which is attained when the authority is delegated to the lowest level, in an organised and consistent manner.
2. Delegation is the technique of management. On the contrary, decentralisation is the philosophy of management.
3. In delegation merely the authority and responsibility are transferred but not the accountability. But in decentralization, all these three are transferred.
4. In delegation, there is less liberty of work to the subordinates whereas, in the decentralization, a substantial amount of liberty can be seen.
5. Delegation of authority creates superior-subordinate relationship in the organization. Conversely, decentralization is a step towards creation of semi-autonomous units.
6. Delegation of authority is a must for every organization, as no person can alone do each and every task. Conversely, Decentralization is discretionary, in the sense that top management may or may not disperse authority.

**(b) Distinction between Centralization and Decentralization:**

Centralization and decentralization are the two types of structures, which can be found in the organization, government, management and even in purchasing. Centralization of authority alludes to the concentration of all the powers at the apex level. On the other hand, decentralization refers to the dissemination of powers by the top management to the middle or low-level management. It is the delegation of authority, at all the levels of management.

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| **Centralisation** | | **Decentralisation** | |
| 1 | The centralization stands for concentration and unification of powers and authorities, in the hands of top, is known as Centralization. | 1 | Decentralization indicates dispersal of powers and authorities by the top level to a number of individuals and units at the root level . |
| 2 | Centralization is the systematic and consistent concentration of authority at central points. | 2 | Decentralization is the systematic delegation of authority in an organization. |
| 3 | In centralization due to the concentration of powers in the hands of a single person, the decision takes time. Majority of the decisions are taken at the headquarters. | 3 | On the contrary, decentralization proves better regarding decision making as the decisions are taken much closer to the actions. And greatest numbers of decision are taken in the field. |
| 4 | Formal communication exists in the centralized organization. | 4 | In decentralization, communication stretches in all directions. |
| 5 | In centralization is best for a small sized organization. | 5 | But the large sized organization should practice decentralization. |
| 6 | There is full leadership and coordination which gives order in Centralization. | 6 | In decentralization the headquarters only supplies only leadership. It shares the burden of the top level leadership. |