COMPONENT-I PERSONAL DETAILS

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COMPONENT-II DESCRIPTION OF MODULE

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<tr>
<td>Subject Name</td>
<td>Public Administration</td>
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<td>Paper Name</td>
<td>Public Administration: An Introduction</td>
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<tr>
<td>Module Name/ Title</td>
<td>Centralization and Decentralization</td>
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<td>Pre-requisites</td>
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<tr>
<td>Objectives</td>
<td>The contents of the module describe the meaning, advantages and disadvantages of</td>
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<td>centralization and decentralization along with the different approaches and types of</td>
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<td>decentralization. An account of the factors governing centralization or decentralization is also discussed in the module.</td>
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<tr>
<td>Keywords</td>
<td>authority, chief executive, devolution, delegation, deconcentration, democratic</td>
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<td>decentralization, local bodies, participation, responsibility</td>
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COMPONENT-III

Abstract

Structural arrangement of an organization affects the achievements of values and objectives of organizations. These also affect the ability of organizational units and sub units to mobilize the resources but political environment, prevailing administrative conditions, history of organization, values, customs, and traditions are significant factors deciding the structure of organization. How the organization should be structured, whether it should be centralized or decentralized is a dilemma before the scholars and practitioners of Public administration. The mainstream literature in Public administration focuses more on decentralization for its inherent advantages in devolving power and empowerment of masses. But there are political factor and administrative systems which decide whether they should be centralization or decentralization.

1. Introduction

The orthodox approach to Public Administration addresses the question of centralization versus decentralization from the perspective of efficiency and economy. The issue is essentially a problem of relationship between higher and lower levels of organization in the matter of making decision. Thus it relates to organizational structuring. To centralize or decentralize seems to be the dilemma facing the government today. The compulsions of a planned economy, need for strong defence in view of multiple threat perception and urge for national integration makes the argument for centralization while the democratic decentralization of grass root democracy and demand for regional autonomy and planning from below makes the strong case for decentralization.

2. Centralization: Meaning

Centralization has been defined thus: In the words of L.D. white, “The process of transfer of administrative authority from lower to higher level of government is called centralization.” According to Allen, “centralization is systematic and consistent reservation of authority at central points in the organizations. The decisions taken by top management have an impact on entire organization. It implies concentration of authority and decision making power at or near the top of administrative system. The field agencies and official do not have any autonomy and they depend on orders, instructions and directives of higher officials in implementing policies and programmes. Thus, centralization implies domination of headquarter over field agencies and officials.

2.1 Advantages

Centralization has the following advantages:

1. It ensures effective control of Chief Executive on the whole administrative system. Chief Executive maintains effective and active control on whole administrative system in centralized system
2. It brings economy in administration. Centralized uniform system of sale, purchase and distribution avoids duplicate and misuse of resources.
3. The centralized system can take into account the broadened perspective about objectives and interest of organization. The dangers associated with dilution of goals, duplication of efforts and distortion of results are low.
4. It brings uniformity in administration. Uniform policies, methods and techniques are followed in the performance of work and execution of policies throughout the whole country.
5. In a centralized system, the top management possesses the wisdom and maturity required in the governance. The leadership provided by a mature top management in a highly centralized system tends to be of high quality.

6. It brings unity of purpose and clarity of authority at different levels of organization. There is no confusion regarding the location of authority and decision making in organization.

7. It is easier to coordinate the activities of different units and individuals in a centralized system.

8. Centralized system insures quick decision making as there are few decision making centers.

9. It is easier to implement common policies and practices for the organisation as a whole in a centralized system.

10. A centralized system concentrates on overall objectives of organization rather than narrow vested interest of individual units and parts.

2.2 Disadvantages

1. It creates congestion of work at top level. There is no middle or lower levels which can share some meaningful work load of top management. Consequently top management can neither handle this large volume of work nor exercise effective control on administration.

2. It causes delay in decision making. It obstructs the prompt decision making and their implementation which creates red tapeism and other administrative problems.

3. The Centralized administrative system does not have the knowledge of and adaptability to local condition and circumstances. Its focus is on uniformity which causes inefficient and faulty implementation of policies.

4. Centralization implies concentration of authority at the top which creates a rigid, bureaucratic and autocratic system of functioning in the organization. It discourages initiative, enthusiasm and dynamism particularly among the lower participants of organization and stifles their motivation and morale. Such an organization fails to optimally utilize the human resources. This is not conducive to the team spirit in organization.

5. Concentration of authority at the top tempts the top management for abuse of authority. This encourages dictatorship in the organization. This is against the spirit of democratic system.

6. In a centralized system too many employees are required for control, inspect, accounts and audit purposes which is very expensive. Centralized system is not suitable for economy and efficiency of administration.

7. Centralized administrative system has very few opportunities for people’s participation and popular initiative. It weakens the democratic system. People’s cooperation is must for success of development plans. Centralized system does not encourage to seek the cooperation of people.

8. There is weak and ineffective communication system in centralized system. It is
characterized by delays, discontinuities and distortion in transmission of information for decision making, action and control. The top management can not appreciate the needs and requirement of organization in such a system.

3. **Decentralization: Definitions and meaning**

Decentralization denotes dispersal of authority among a number of individual or unit; it implies the establishment of relatively autonomous field and regional offices and delegations of decision making powers and functions to them. The inherent implication of decentralization is that conditions and circumstances and needs and aspirations of people vary in different areas. Therefore it requires decentralized administrative system which could cater to needs and aspirations of people of area specific. Scholars defined the term decentralization in different and an account of some of those definition is given in the para given below.

According to Allen, “decentralization refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points.

L.D. White defined the decentralization as the process of transfer of administrative power from a higher to a lower level of organization.

Koontz and Weihrich defined it as “Decentralization is the tendency to disperse decision making authority in an organized structure. It is fundamental aspect of delegation; to the extent the authority is not delegated, it is centralized”. The essence of Decentralization is delegation of power.

Henry Fayol states that “everything that goes to increase the role of subordinate is decentralization and everything that goes to reduce it is centralization”.

Decentralization is a twin process of deconcentration and devolution. In deconcentration, a superior officer lessens his workload by delegating some of his functions to his subordinate so that administration functions efficiently and effectively. Devolution, which also implies dispersal of authority, is a process wherein power is transferred from one organ of government to another by means of legislations or constitution.

Decentralization is also different from delegation. Delegation means entrusting part of one’s work to others. This principle favoured for skill producing and confidence creating attributes. The subordinates who are asked to do the work delegated to them gain experience through this method. Decentralization, on the other hand, is much broader concept. It is “transfer of planning, decision making or administrative authority from the central government to its field organizations, local administrations units, semi-autonomous and parastatals organizations, local governments or NGO’s.”

According to Mohit Bhattacharya, Contemporary thinking on decentralization can be looked at from three angles. First, it is thought of as a means to spiritual enrichment and growth of individual, both as a worker and citizen. Decentralization offers opportunity to participate in decision making. For an individual, it is an aid to the growth and development of personality. Secondly decentralization has instrumental value as a means to improving organizational performance. Organizational functions can be better performed through decentralized decision making centre which provides the access to local information and data and creates the conditions for local popular support to administrative action and thus enhances its efficiency. Thirdly, the current thinking, very importantly, reflects a paradigmatic shift in public Administration. The bureaucratic model which has so long dominated the field seems inadequate to explain the
contemporary Politico-administrative situations, centralization of authority and bureaucratic way of decision making are its essential features. However, latest thinking on decentralization veers around power equalization and participation. Organization theory and political science, which did not meet very often in the past, have now almost come together in explaining the concept of decentralization concordantly.

3.1 Approaches to Decentralization

In Political science and Public Administration decentralization has been discussed basically from the viewpoint of arrangement of Government. James W. Fasler has grouped the different approaches to decentralization into four categories. These are: the doctrinal, the political, the administrative and the dual role.

3.1.1 Doctrinal approach seeks to treat decentralization as an end in itself instead of treating it as a means to achieve organizational efficiency and effectiveness. This approach lays stress on the empowerment of local community – the city, town, or village. In India, the Panchayati Raj supposedly embodies an ancient tradition of local autonomy. The essence of this approach is people empowerment by granting them decision making and functional authority. Thus, this approach instead of treating decentralization as a means to the achievement of some end–values, considers it as an end in itself.

3.1.2 The political approach believes that decentralization occurs in a political setting. The will to create decentralized units and granting them necessary authority for their autonomous functioning is politically decided. Decentralization in the shape of devolution to local self governing bodies is an attempt to set upon autonomous government at the level of locality. To create and maintain local government is, thus, a major political commitment. In the absence of such commitment, it will merely remain in law than in actual practice. Fesler pointed out “illusory decentralization. For example in India although devolution of power to local bodies have been granted formally but these bodies are not given funds, functions and functionaries essential to operate as an autonomous institution and are strongly controlled or influenced by respective state Governments.

3.1.3 The administrative approach is based on the Principle of efficiency and effectiveness. When field administrative units are set up through a process of decentralization, the measure is suitable for field level decision making and for redressal of grievances. In this process, many administrative units might come up between the local administration and the Central Headquarters. With more and more demand for specialized functions in view of growing complexity of administration, a number of functional departments would appear at the field level. The administration faces a problem or general area based administrative demands and specific function centered claims of particular functional departments. Currently, district administration in India is faced with these problems of area function duality. To resolve this problem and to promote such operational principles conscious attempts are needed to re-adjust from time to time conflicting claims of area and function in deconcentrated field administration.

3.1.4 The dual role Approach: The dual approach seeks to highlight the conflict in field administration between tradition and change. The basic conflict, according to Fesler, is between the traditional function of maintenance of law and order, and advancement of socio-economic development. Most field administration system developed in an era when the basic purpose of administration was to maintain status quo. The main function of administration was to maintain law and order and collection of revenue. However, the changed concept of welfare state requires
rapid socio-economic development. It demands cooperation and participation of people in administration and delegation of function by field generalist to their subordinates and increased coordination among different administrative units. Thus there is urgent need to change the system into decentralized, participative and innovative one. The resolution of conflict between two different orientations in the field administration calls for adaptations of decentralization to changing circumstances.

The four approaches of W. Fasler address different issues and challenges in the realization of decentralization. The doctrinal approach treats decentralization as an end in itself. 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 the crux of dual role approach.

### 3.2 Types of Decentralization

Decentralization takes different form in different political setting and administrative conditions. There are four types of decentralization. These are: political, administrative, fiscal and functional decentralization.

#### 3.2.1 Political Decentralization:

Political decentralization refers to processes where the power of political decision making and central functions are transferred from higher level of government to lower one. The institutions which are assigned authority and functions for local governance are governed by local people. Thus, the people residing in the periphery of local institution have greater chances of participation in decision making. Greater participation of people lead to increased legitimacy and more political stability of governments. Also Mass participation makes for better policy making and effective utilization of resources. Seventy third and seventy fourth constitutional amendment are landmark piece of legislation for setting up three tier rural and urban governance is extension of political decentralization.

#### 3.2.2 Administrative Decentralization:

Administrative decentralization occurs when a politically independent unit delegates some of its power and function to subordinate units within its organisation. Administrative decentralization may be territorial or functional. Territorial decentralization means creation of area administrative units such as Divisions, District, Zones, Circles etc., and vesting them with authority and responsibility in prescribed limits.

#### 3.2.3 Fiscal Decentralization:

Fiscal Decentralization means devolution of financial power to lower level of government. Unless the power to tax and generate revenue is granted, the political decentralization would merely remain a dream. The local government cannot fulfill their responsibility in the absence of adequate financial power. For instance there is provision of state Finance Commission in the seventy third and seventy forth constitutional amendment act to review the financial position of local bodies and to suggest measure to strengthen their financial position. One of the reasons why Panchayati Raj could not succeed is inadequate financial power. The Status Report (2000) on the Autonomy of Panchayati Raj Institutions and Municipal Bodies reveals that none of the states in India, except Kerala, have tried to place requisites for financial decentralization, while operationalizing their respective acts.

#### 3.2.4 Functional Decentralization:

Functional decentralization refers to the transfer of functions from Central or state government to local bodies in order to enable them to discharge assigned functions and responsibilities. For instance seventy third constitutional amendment act in India assigns 29 functions to Panchayati Raj intuitions in India listed in Eleventh Schedule of
Constitution of India. However, these are suggestive not mandatory as under the Indian constitution local government is state subject. Subjects and activities assigned to local bodies under functional decentralization should be precise and clear or it can create more confusion and chaos rather than empowerment of local community as it happens in most of states in India. There is absence of clear cut functional jurisdiction of Panchayati Raj institutions and even that is left to the discretion of concerned state government. The same applies to urban local bodies which are assigned eighteen functions by 12th schedule of Constitution of India.

It also means granting autonomy in respect of professional and technical matters to the appropriate technical or professional bodies by Central authority. For instance Medical Council of India is given powers to deal with regulation and promotion of medical education and University Grant Commission (UGC. regulates the matter in respect of higher education.

### 3.4 Advantages

1. It provides relief to the higher officials by reducing their workload. Thus, the top executive can devote greater time and energy to important policy matters.
2. Decentralization promotes quick disposal of work by vesting authority in field officials. They need not seek the permission of higher officials for routine and sundry matters. It prompts quick decision making and transaction of business.
3. It provides opportunity for people’s participation in administrative which strengthen the democracy by making it realistic and comprehensive.
4. Decentralization promotes effective supervision and control since operations are being done nearer the area of operations.
5. It makes the administration conducive to local conditions and circumstances. Decentralized administration can better accommodate to needs, aspirations and problems of local people.
6. Decentralization facilitates optimal utilization of Human and material resources since it inculcate the feeling among the people that it is their own money which is being utilized. It creates the better sense of citizenry and community work among the people.
7. It increases the morale and motivations of employees particularly at lower and middle levels by assigning them authority and responsibility for different work. It creates a feeling among them that higher officials believe in their ability & capability. It develops a sense of leadership among them and better utilization of their talent and skills.
8. It develops a better and effective systems of communications since decision are made at the points where policies, programmes and schemes are implemented.
9. Decentralization system can better cope up with pressures and strains. They can better face the emergent and crisis like situation as they can decide according to needs and circumstances.
10. In view the words of J.C. Charlesworth “Decentralization has more justification than mere administrative efficiency. It bears directly upon the development of a sense of personal adequacy in the individual citizen; it has spiritual connotations”.

3.5 Disadvantages

1. In a decentralized administrative system it is difficult to coordinate the diverse goals, functions and activities of different autonomous units.

2. It is difficult to maintain uniform national policy in a decentralized system because different regional units follow different procedure, techniques and course of action to achieve their goals, since nature of many functions demands uniformity. It is major weakness of decentralization.

3. The local officials may ignore national interests and give more importance to regional problems and priority to narrow vested interests instead of broad national interest and vision.

4. The local politics interferes in local matters in decentralized system which creates inefficiency and corruption in local administration.

5. It may become expensive, as duplicate services are to be maintained.

4. Factors Governing Centralization or Decentralization

Neither centralization nor decentralization is suitable for every organizational situation. According James W. Fesler there are four kind of factors which would appear to govern centralizations or decentralizations. These are:

1) Factor of responsibility

2) Administrative factors,

3) Functional factors, and

4) External factors

4.1 The factors of responsibility favor centralization and discourage decentralizations. Since the head of organizations is responsible for everything in organization. He is unwilling to decentralize and wants to keep the more important matters in his own hands.

4.2 There are many administrative factors influencing centralization or decentralization. There are age of agency, stability of policy of organizations, competence of field personnel and pressure for speed and economy. In an old organization having well established procedures and precedents, it is easy to decentralize than in a newer one where constant reference to higher levels is necessary. Stability of policy facilitates decentralization; frequent changes retard it. If the field personnel are competent and skilled, it is easy to decentralize, in case of incompetent personnel, centralization is inevitable. It has been found that pressure for speed and economy in administration results in centralization. On the other hand the duplication of services in decentralization results in more expenditure.

4.3 Similarly if an organization have multiple functions of technical nature, the head of Department will be bound to decentralize many of them to autonomous division or branches since he cannot manage them all himself. If the nature of functions demands nationwide uniformity such as defence, communication etc, there is bound to be centralization to secure such uniformity. If, however, diversity is permissible or desirable, decentralization would result.

4.4 External factors also determine centralization or centralizations. If popular support is
essential or desirable for example for the success of any programme for socio-economic development, decentralization is essential to secure it. Without decentralization ‘grass root administrations’ is impossible. In case no such support is required, then centralization may be inevitable.

Besides these four factors idea of centralization or decentralization also depend upon political environment of a country for example American people strongly decentralization. Inherent in their thinking is fear and suspicion of a strong centralized government and also their belief that values and objectives will be better achieved by decentralized administrative system. Indians have preferred powerful centralized government for political and historical reasons.

Mark Bevir opined that Technological factors also affect the process of centralization and decentralizations. If the technology is routine and requires little co-ordination among the workers, the organization structure is simple and uncomplicated. If the technology is non-routine and requires co-ordination among workers, discretion needs to be vested in small units.

Therefore centralization and decentralization depend on situation and these are not absolute terms. Centralization is preferred for effective control and co-ordination. Decentralization is favored for access, citizen participation and political responsiveness. Centralization and decentralization are really matter of degree. As an organization grows in size and complexity, decentralization is generally considered to be efficient and effective. Paul H. Appleby pointed out nothing can be decentralized until first it has been centralized. An organization can be both centralized and decentralized, it may have uniform policies that field official are required to follow, but discretion may be given them to develop solution for local problems within the framework of headquarters directives.