

1. Will Decentralisation Help India?

Context:

- A bottom-up approach will address pressing concerns across different population groups & areas.

Brief Background:

- Decentralisation has long been recognised as an efficient instrument for development.
- It builds **Institutional capacity at the grassroots level, improves delivery of economic and social services to meet people's needs**, and prevents sectarian violence. **A strong state is not always associated with a centralised state.**
- While a strong centralised state may formulate a policy quickly, it can also stoke tensions across different groups.
- Local governments are often better positioned to identify economic and social problems. Decentralisation and democratic suppleness at the grassroots level reduces the threat of conflict.

India's progress in Decentralisation:

- India has made progress in decentralisation through three different channels-political, administrative and fiscal-but a lot more needs to be done.
- Economic and social progress continues to be uneven across population groups, gender groups, and geographic areas.
- Much more needs to be done to address long-term concerns of Uneven Development.

Fiscal Decentralisation:

- Although the share of local expenditure has increased, more than 50% goes towards interest payments and salaries, leaving less room in the sub-national government's budget for dealing with a medical crisis like coronavirus, and economic and social development initiatives.
- Under the present arrangement, **local governments make little or no contribution to the design and implementation of economic and social development programs.**
- They have limited **autonomy and resources to provide meaningful service.**
- Increased fiscal stimulus will promote rural structural transformation.

Administrative Decentralisation:

- There is wide variation in the decentralisation of execution and supervision of development programs.
- For instance, India has devolved the implementation of most education programs to the sub-national level, but financing and oversight in many cases is retained at the national level.
- There is a huge potential for using administrative decentralisation to improve service delivery outcomes by taking advantage of better local information and monitoring.

Political Decentralisation:

- In 1992, India approved the **73rd Constitutional Amendment Act that encompassed a set of reforms implementing a nationally-standardised and decentralised system of local Government.**
- Panchayat Raj, have shown some progress on decentralisation beginning the process of eliminating Gender Inequality.

Way Forward:

- It is vital to make an accelerated **transition from top-down to bottom-up approach in the Development Agenda** to improve the delivery of public goods.
- Providing the right incentives, and aligning rules and practices in decentralisation will improve economic and social outcomes.
- India's decentralisation **agenda needs to be better aligned with the spatial Development Agenda.** Most cities, including megacities and secondary cities, are financially broke.
- City mayors need to take the lead in spatial development and delivery of local public goods
- Simply directing financial resources to local government may not be sufficient to tackle problems like corona virus or to create a level playing field for a more inclusive economic and social development.
- It will need to be **complemented with improved capacity, accountability, and participation at the local level, and above all, social learning at the grassroots and Global Level.**

Source: Financial Express