

## Unit- I

# Chapter 2: Public and Private Administration

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### Objectives

The objectives of the chapter are to make the students aware of:

- The similarities between Public and Private Administration;
- The difference between Public and Private Administration

### Introduction

Public Administration is concerned with the formulation and implementation of Public Policies. It also focuses on the provision of services to the citizens. Public Administration is the apolitical instrument of the government that operates within the Constitutional and Legal framework of a country. It covers all three branches, i.e. executive, legislative and judicial, and their inter-relationships.

Private Administration is the management of an enterprise/business by an individual or a team of individuals for their benefit. It is non-political and basically for the profit motive or benefit to the individual/group/teams. It also formulates relevant policies for achieving its goals.

There are divergent views regarding the similarities and dissimilarities between Public and Private Administration. Some scholars like L. Urwick, M.P. Follet, and Henri Fayol believe that they are similar to each other as whereas other scholars like Herbert A Simon and Paul H. Appleby feel that there are sharp differences between the Public and Private Administration.

### Similarities

Scholars like Henri Fayol, Urwick, and Mary Parker Follett believe that Public and Private Administration have many common features and that the difference between them is one of degree rather than kind. Similarities between the two are as follows:

- 1. Scope of Activities:** The scope of activities in both Public and Private Administration have increased manifold due to liberalisation and the subsequent opening up of the New Industrial Policy of 1991. Several sectors, including power generation, civil aviation, and telecommunications, have been de-reserved, so the private sector can set up industries in these sectors and give competition to the government sector, thereby improving the services.
- 2. Nation Building:** Both Public and Private Administration have an important role to play in nation-building activities, including building and setting up infrastructural facilities, providing health facilities and other related services, setting up educational institutions, and providing educational facilities at all levels – school, college and university education. The Private Administration is also taking part in ‘giving back to society’, activities by utilising a certain part of their profit on activities like environmental sustainability, uplift of the weaker sections, promoting gender equality, education and health-related activities under Corporate Social Responsibility.

3. **Bureaucratic Structure:** Both Public and Private Administration have a bureaucratic structure with features like division of work, written rules and regulations, hierarchical setup, etc.
4. **Management Techniques:** Both Public and Private Administration have similar techniques of planning, organising, staffing, directing, coordinating, reporting, and budgeting. Project/ Programme management techniques like - PERT (Programme Evaluation and Review Technique), CPM (Critical Path Method), Cost-Benefit Analysis, Inventory Control Techniques, etc. are also used in both.
5. **Employment Legislation:** The employees of both Public and Private Administration are governed under similar employment legislation made by the government.
6. **Union Activities:** The employees of both Public and Private Administration can form unions and associations to protect their rights.
7. **Dynamic Nature:** Both Public and Private Administration are adopting sustainable practices to cope with the environmental changes and be relevant on a long-term basis in the highly competitive and daunting environment.

### Dissimilarities/Distinctions

Public and Private Administration, despite some similarities, have several differences too. According to H.A. Simon, both Public and Private Administration are opposed to each other in the following manner:

- i) Public Administration is bureaucratic, whereas Private Administration is business-like.
- ii) Public Administration is characterised by red tape, whereas Private Administration is free from it; and
- iii) Public Administration is political, whereas Private Administration is non-political.

### Dissimilarities/Distinction

Following are the dissimilarities/distinction between Public and Private Administration:

SNo.	Basis	Public Administration	Private Administration
1	<b>Political Control</b>	<p>Public Administration works under the overall control of the Political Wing of the government.</p> <p><b>Example:</b> The Secretary to the government, a civil servant, reports to the Minister, who is the political head of a department. The minister reports to the Prime Minister, who is the political head in the case of the Union Government.</p> <p>Organisational Structure of Department of Expenditure, Ministry of Finance: <a href="https://doe.gov.in/organization-structure">https://doe.gov.in/organization-structure</a></p>	<p>In Private Administration, the entrepreneur does not function under the political heads.</p> <p>The bigger organisations have a board of directors to guide them in their decision-making processes. They work as per the market forces.</p> <p><b>Example:</b> Reliance Industries Ltd - <a href="https://www.ril.com/OurCompany/Leadership/BoardOfDirectors.aspx">https://www.ril.com/OurCompany/Leadership/BoardOfDirectors.aspx</a></p> <p>Tata Motors: - <a href="https://www.tatamotors.com/organisation/our-leadership/">https://www.tatamotors.com/organisation/our-leadership/</a></p>
2	<b>Motive</b>	<p>Public Administration is not profit-oriented. Social welfare and development are its main motives. Even</p>	<p>Profit is the main motive of the entrepreneur in Private Administration. The business will not</p>

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		<p>the industries set up by the government have social objectives along with economic objectives.</p> <p><u>Examples:</u></p> <p>The government opens schools for the education and welfare of the children and not for earning profit.</p> <p>The government provides free and compulsory education for students up to the age of 14 years.</p>	<p>be sustainable if there is no profit, as private industries do not receive public funds</p> <p><u>Example:</u></p> <p>Private schools are set up by individuals or industries with a motive to earn money.</p> <p>(As per the Right to Education Act 2009 now the schools under private management have to provide educational facilities to children belonging to the weaker sections)</p>
3	<b>Political Interference</b>	<p>As Public Administration is under the direct control of the political heads, there is a great deal of political interference in it.</p> <p>Example: While setting up industrial units, instead of economic and technical feasibility studies, political considerations may become more important.</p>	<p>Private Administration is relatively free from political interference, as they don't work under political heads. Rather, the Behemoths or Business houses influence the decisions taken by the Political parties.</p> <p>Extensive economic and technical feasibility studies are the basis for setting up or expanding the industrial units.</p>
4	<b>Scope of Activities</b>	<p>The scope of activities in Public Administration is comprehensive, as it not only performs several traditional functions, but it also fulfils many basic needs of the people.</p> <p>For instance, the Provision of health services through government dispensaries, water and electricity services through the respective departments, and educational services through schools, colleges, etc.</p> <p>During COVID-19 the scope of activities undertaken by the government increased manifold.</p>	<p>The scope of activities in Private Administration is limited as compared to the public sector, as it cannot undertake activities that require a large amount of investment. For instance, setting up the Railways, Atomic Energy Plants, Research &amp; Development in the field of Defence, Space, etc.</p> <p>Note: The Indian Railways have started Private Trains to operate on certain sections, and the number will be increased in due course.</p>
5	<b>Nation Building</b>	<p>Nation-building is one of the most important tasks of Public Administration. It sets up Public Sector units in the remote corners of the country for the development of the area.</p>	<p>The Private sector prefers to set up industrial units in well-developed areas. Except for a few big industrial houses like the Tata, Reliance, etc, the private sector does not take much interest in the nation-building exercises.</p>

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			<p>Note: The Public-Private Partnership model enables the role of the private sector in nation-building.</p> <p>PPP Mode:</p> <p><a href="https://www.pppinindia.gov.in/pppac-authoritywises/pppac-projects-list_Ministry-of-Railways">https://www.pppinindia.gov.in/pppac-authoritywises/pppac-projects-list_Ministry-of-Railways</a></p>
6	<b>Equitable/ Uniform Treatment</b>	As per the law of the land, public officials cannot show favour or disfavour to any person or organisation on any ground, i.e., sex, race, religion, region, etc. A public official must treat all citizens equitably by providing them with uniform treatment.	A Private Administrator is not bound to provide equitable/uniform treatment to everyone. He may provide a service to one person and refuse the same to the other person.
7	<b>Employment Opportunities</b>	Public Administration is the biggest employer in the country. Indian Railways, India Post, Public Sector Undertakings at the central and state levels, and governmental departments are major employers in the country, besides the Indian Armed Forces. Though due to outsourcing and privatisation, the number of employment opportunities in the public sector is reducing.	<p>Private Administration is not as big an employer as compared to Public Administration.</p> <p>Note – We also have the Public-Private Partnership model, which also provides jobs to people.</p>
8	<b>Anonymity</b>	In the field of Public Administration, the officials remain incognito, i.e. work from behind the curtain. They conduct the affairs of any organisation in the name of the state, in their official capacity.	<p>In Private Administration, the organisations run in the name of the entrepreneur concerned. Along with earning money, the person earns a name for himself in the market.</p> <p>For instance, Tata Industries, Birla Group, and Reliance Industries are prominent private sector organisations, and people are aware of the names of their owners.</p>
9	<b>Rules and Regulations</b>	Governmental rules and regulations are strict as compared to the Private ones. Due to rigid rules and regulations, the decisions are delayed. Delayed decisions or Red-Tapism mean less productivity and more losses.	There is more flexibility in the Private Administration. Due to flexibility, timely decisions are taken. Due to timely decisions, Red-Tapism is less and there is more efficiency and productivity.
10	<b>Public Scrutiny and Criticism</b>	Public Administration is prone to widespread public scrutiny and criticism, as a public official's actions are scrutinised both by the press and the	Private Administration is not prone to public scrutiny and criticism, as a private entrepreneur does not function under the watchful eyes of the press or

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		public. This results in his being cautious while making decisions. One wrong act on his part may discredit all the good work done.	the public. Due to this, he is relatively free in his approach to deal with certain situations.
11	<b>Complexity</b>	Public Administration, especially at the higher levels of the government. It is very complex. It is characterised by an entangled and ambiguous structure, far from the cognisance of commoners. They are supposed to be transparent to the public, for whom they have been established and structured.	Private Administration is well-knit and compact.
12	<b>Monopoly</b>	In certain industries, there is a monopoly in the field of Public Administration because no one is allowed to establish or run parallel services, such as Railways. Atomic Energy Plants  (The government has allowed private parties in many fields like electricity, civil aviation, postal services, telecommunications, etc.)	There is no monopoly in Private Administration. More than one organisation manufactures and supplies the same commodity to the people in the market. In the present times, many areas/sectors have been opened, and the monopoly of the government has been reduced.  Mobile Connections providing companies: <a href="https://www.trai.gov.in/consumer-info/telecom/service-providers-list">https://www.trai.gov.in/consumer-info/telecom/service-providers-list</a>
13	<b>Financial Control</b>	Public Administration is subject to strict financial controls and audits. Control is exercised by the executive and the legislature as the government spends taxpayers' money collected by the way of taxes, fees, fines, etc. Public Administration is thus accountable to the people through the Parliament.	The Private Administration is relatively free from such strict financial controls. They are not accountable to the people, as public money is not involved. Money is, in most cases, invested by the person either himself or by his partners.
14	<b>Competition</b>	There is less competition in Public Administration so the quality of the services is at times not up to the mark.  There is competition in certain sectors like Banking, Postal services, Telecomm, etc. and the quality of services has improved as compared to earlier.	Competition is a dominant factor in Private Administration. Competition results in providing better services and improvement in quality.
15	<b>Capacity Utilization</b>	Compared to Private Administration optimum utilization of capacity is not there in Public Administration. It may be due to several reasons like strikes, lack	Optimum utilization of capacity is there in the Private Administration. The machines are maintained properly so that they don't breakdowns and strikes are almost unheard of.

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		of raw materials, lack of trained staff, or simply indifference of the employees.	
16	<b>Social Prestige</b>	A high degree of social prestige is involved in Public Administration as it provides social services to the people.	Social prestige is not at the same level in the case of the Private Administration, as they are not so much involved in social services.
17	<b>Public Relations</b>	Public Administration has borrowed the principle of public relations from Private Administration. Though they have yet not mastered the technique properly, efforts have certainly produced results.	The work of the Private Administration is dependent on public relations. The Private Administrator depends and invests a lot of money in public relations.
18	<b>Job Security</b>	There is job security in Public Administration. The civil servants and other employees are protected under the Constitution of India.	There is less or no job security in Private Administration. The policy of hire and fire is prevalent.
19	<b>Uplift of Weaker Sections</b>	Public Administration tries to bring the weaker sections of the society at par with the other sections of the society by providing reservations to these sections at the different levels of government and public services.	The Private Administration is under no such obligation to provide reservations for the weaker sections. The merit and experience of a person is the basic criterion on which a person is appointed.

**Conclusions:** Public Administration and Private Administration both have several similar and dissimilar characteristics. Differences between the two are only of degree and not of kind. Though Public Administration has acquired several distinctive features like accountability, consistency etc., yet most of the activities in both of them are similar. We can thus say that they are complementary to each other. In fact, in the present situation, we have the Public-Private Partnership in which both Public and Private Administration collaborate to perform various developmental and welfare-oriented activities.

### Important Terms/Concepts/Information

1. **Simon's Distinction:** According to H.A. Simon, both Public and Private Administration are opposed to each other in the following manner:
  - a. Public Administration is bureaucratic, whereas Private Administration is business-like.
  - b. Public Administration is characterised by red tape, whereas Private Administration is free from it; and
  - c. Public Administration is political, whereas Private Administration is non-political.
2. **Principle of Anonymity:** In the field of Public Administration, the officials remain incognito, i.e. work from behind the curtain. They conduct the affairs of any organisation in the name of the state, in their official capacity.
3. **Scope of Activities:** The scope of activities in Public Administration is comprehensive, as it not only performs several traditional functions, but it also fulfils many basic needs of the people.
4. **Public-Private Partnership:** The Public-Private Partnership model involves both the public or governmental sector and the private sector collaboration to provide services to the people.

5. **Monopoly:** In certain industries, there is a monopoly in the field of Public Administration because no one is allowed to establish or run parallel services, such as Railways, Atomic Energy Plants
6. **Social Prestige:** A high degree of social prestige is involved in Public Administration, as it provides social services to the people.

### **Short and Long Questions**

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##### **Short Answer Type Questions**

1. Give three points of distinction between Public and Private Administration.
2. Write three Similarities between Public and Private Administration.
3. Write Simon's distinction between Public and Private Administration.

##### **Long Question**

1. Discuss the Similarities and Distinctions between Public and Private Administration.
2. Distinguish between Public and Private Administration.
3. Compare Public Administration with Private Administration.

### **Suggested Readings**

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10. Relevant reading material from egankosh - <http://egyankosh.ac.in/>
11. Relevant reading material from e PG Pathshala - <https://epgp.inflibnet.ac.in/>