

Hello friends, welcome to my lecture on difference between private and public administration.

You will learn in this lecture about concept of private and public administration, similarities between private and public administration, Differences between private and public administration. At the end of my lecture you will be able to understand the meaning of public and private administration and understand and describe the similarities and differences between public and private administration.

So before we come to the topic, public and private administration let us understand what is administration. I've given you a simple. Eg, meaning it is the organization and management of human and material resources to achieve the purposes and goals of an organization.

What is public administration? It is organization of human and material resources to achieve the purposes and goals of the government. I've taken public sector enterprises. Example of, ONGC, BHEL.

What is private administration? It is the operation, management, and organization of affairs of business enterprise. Example, Reliance industries limited, TCS, INFOSYS, WIPRO and many more.

Although our topic is differences between public and private administration, there are thinkers, like Max Weber, Henry Fayol, Mary Parker Follett, who do not make any distinction between public and private administration. The reason they say all administration is one and exhibit the same fundamental characteristics and difference between them is one of degree 'rather than of kind.

What they say is public and private. Administration have common features at several points. They have common managerial techniques like accounting, auditing, statistics, purchases, stocking, etc.

And other areas where they are similar is that both public and private influence each other. In recent times you see business practices and standards have profound influence upon public administration, especially in the area of office management and running of commercial enterprises.

Private administration too is very much influenced by governmental practices. Practices like staff welfare facilities, superannuation benefits, maternity benefits for women, etc.

Whether it is public or private, both have a kind of administrative set up that is a set of kind of a hierarchy. Like for example, you will have in a private enterprise you will have at the top you'll have an MD, below you will have other directors, and managers. You take a government organized Department at the

head. You will have the ministers below the minister you have minister of State. Then you have a secretary. You have then additional Secretary, Joint Secretary and so on.

Next point, research and improvement, whether it's public or private administration, both want to improve upon quality of products and services. Hence both conduct research and improvement. Both want to have maximum contact with the people there for the indulge in public relation.

Now coming to our topic the differences, we have thinkers like Paul H Appleby, Peter Drucker, Herbert Simon etc. Who are of the opinion that there are crucial differences between public and private administration? Paul Appleby was a leading advocate of the view that public administration basically differs from the private administration in terms of breadth of scope. That is in terms of activities in terms of Public accountability of the public administration and political character of the public administration.

Now let us come to the proper differences between public and private administration. First is political direction. Public administration is subject to political direction. Most policy matters the general outline for the policy is laid down by the minister and the implementation is done by the administrator. Administrator works under the orders and commands of the political Masters. While in private administration, is not subject to political direction except in the gravest cases, or in case of emergencies.

Another obvious difference is that public administration is conducted with motive of service because it is welfare oriented. You see in public administration there is no correlation between income and expenditure. In fact, you will see there are many Public Utility Services which are in loss. But yet the government is duty bound to invest on them and provide these services while private administration is profit making no industrialist. Or businessmen will venture out into any business without taking logistics of profit into account.

When it comes to public administration only such amount of money is raised to taxation, which is required for rendering of service. That is because public administration is service oriented. In private administration, you see income often exceeds expenditure because their focus is profit.

When it comes to nature of functions, public administration undertakes more comprehensive and very vital functions which are very much required for the existence of the people and the country like defence and maintenance of law and order. While private administration is concerned with less vital functions as compared to public administration.

In case of public administration, Public administration has to face the criticism of the press, the public, and the political parties. The reason is the funds used are from the public. It is the public which pays their taxes. While the private administration it is not responsible to the public, they are responsible to the owners of the company which has set up the company.

In case of public administration, there is they should be consistent in procedure and uniformity in dealing with the public. Public administrator cannot have a biased treatment or favouritism to any person or any section of public. While private administration did not pay much attention to uniformity in treatment, you will see industries or a shop keeper would always give more attention to a regular customer rather than a casual customer.

Public administration operates within legal framework that is rigid rules and regulations and this adherence to rules and regulation brings it a high degree of rigidity in operation of the operation of public sector. While private organisations or private enterprises are subject to less legal constraint. That does not mean there are no legal constraints. There are constraints like they have to abide by labor laws, environmental laws and many other laws.

Most of the services provided by public administration to the society are monopolistic that is only government, has a monopoly. For example, Indian Railways Atomic Energy that is nuclear energy is totally under the domain of the government. In private administration there will be many enterprises who are competing to supply the same commodity. For example, you have electronics, you have LG, you have Samsung and so many more competing to provide the same commodity.

You see, public administration enjoys high prestige and social status as compared to private administration, especially in a third world country like India. This is because of power vested in the governmental machinery because governmental job usually come with power and hence it has a higher prestige and status.

To conclude.

Today, the gap between the public and private administration is narrowing. It's because, Private business is also regulated and controlled by the law of the land and profit is not its sole aim. You know that most of the companies today undertake CSR activities. And the same time Public Administration, the way it was once upon a time, it cannot be today. It cannot ignore the needs of efficient management. It has to be efficient and effective, like private administration. In fact, the two act in partnership.

The trend today is public and private partnership. In fact, the number of projects which we have already have taken off and completed India, especially in the area of the field of infrastructure. We have Mumbai Metro so many of highways which are constructed and completed and are ready operational under public private partnership. Therefore, it's very right to say that the difference between the two is one of degree and not of kind.

For further reading, you may refer to the books that I've put on the slide.

Thank you very much.