

# **New Public Management Syndicate Group 10**

# Flow of the Presentation

TOPIC	MEMBER
Introduction & Definition	Amit Kr. Singh, IPS, CFC-10
History & Development	K.A. Devaraj, IPoS, CFC-90
NPM vs. Public Admin.	N.K.Jha, IPoS, CFC-60
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Issues in NPM	Meenakshi, IFS, CFC-50
Criticism & Conclusion	Abhimaniu Sharma, ITS, CFC-60

# INTRODUCTION

- ***NEW PUBLIC MANAGEMENT***

- *The term “New Public Management “ was coined by Christopher Hood. He used it in his article entitled “A Public Management for all seasons” published in 1991.*

# New Public Management

is also called as

- Managerialism  
POLLITT
- Entrepreneurial government  
OSBORNE and GAEBLER
- Market based public administration  
LAN and ROSENBLOOM
- “third way “ between public administration and private administration  
U.A.GUNN



New Public Management is a discussion and investigation of economic and political systems in various countries and their policies that aimed to modernize and render the public sector more efficient.

*New Public Management* is the application of the philosophy, culture and practices of the Management followed in Private Sector into the Public Sector

# ***BASIC THEME***

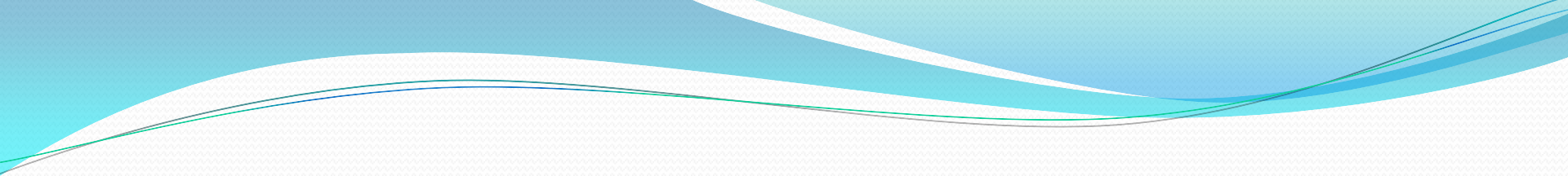
It represents a synthesis of the public administration and the private administration (business administration).

It takes “what” and “why” from public administration and “how” from private administration

# 3 Es of NEW PUBLIC MANAGEMENT

(POLLITT)

- ECONOMY ----- the eradication of waste.
- EFFICIENCY -----the streamlining of services.
- EFFECTIVENESS-----the specification of objectives to ensure that resources are targeted on problems.



The emphasis of new public management is on performance appraisal ,managerial autonomy , cost cutting ,financial incentives , output targets, innovation , responsiveness, competence , accountability, market orientation, quality improvement, contracting out, flexibility, competition, choice, information technology, debureaucratisation, decentralization, downsizing and entrepreneurialism.



K.A.Devaraj  
IPoS  
CFC-90

# History & Development



# Historical Background

- Coined by Christopher Hood
- Shift in state ideology in 1970s – towards Neo-liberal framework
- Worsened economic condition in Britain 1970s-Oil crisis , fiscal deficit , bureaucratic inefficiency etc.

# Contd...

- First emerged in UK under the leadership of PM Margaret Thatcher in 1980s
- Drove changes in public management- Next Step initiative-civil services, Financial matters
- John Major , successor of Thatcher – implementation of Citizen Charter

# Development

- In 1992 Osbourne and Gaebler articulated the concept in their book "Reinventing Government"
- It became major item on President Clinton's agenda.
- Vice President Al Gore included the NPM concept in National Performance Review and Government Performance and Results Act

# Contd...

- In 1980s became the basis of policy making in developed countries like New Zealand , Australia ,canada ,France , Germany , Italy etc.
- Also in developing countries in Asia and Africa
- Reinforced by various international agencies like World Bank , IMF , ADB etc by advocating and prescribing NPM style reforms.

# Contd...

- Apart from the international agencies, regional organizations like OECD , NAFTA , EU , APEC also helped developing through their initiatives.
- In short through active initiatives and programs pursued by international agencies , regional organizations and political leaders NPM model become a global model for reforming and managing the public sector in countries all over world

N.K.Jha

IPOS

CFC-70

New Public Management

vs.

Public Administration

**Table 1: Public Administration vs New Public Management  
(Araujo, 2001)**

<b>Sl. No.</b>	<b>Elements</b>	<b>New Public Management</b>	<b>Traditional Public Administration</b>
<b>1</b>	<b>Government organization</b>	Break-up of traditional structures into quasi-autonomous units	Services provided on a uniform basis operating as a single aggregated unit
<b>2</b>	<b>Control of public organizations</b>	Hands-on professional management with clear statement of goals and performance measurement	Control from the head quarters through the hierarchy of unbroken supervision and checks and balances
<b>3</b>	<b>Control of output measures</b>	Stress results and output control rather than procedures	Control on inputs and procedures
<b>4</b>	<b>Management practices</b>	Using private sector management style	Standard established procedures throughout the service
<b>5</b>	<b>Discipline in resources use</b>	Check resources demand and 'do more with less'	Due process and political entitlements



Archana  
Gopinath  
IPoS  
CFC-80

Essential  
Characteristics &  
Principles

# Essential characteristics

Christopher Hood



## **1.Hands-on Professional Management of Public organization.**

*Visible managers at the top of the organization, free to manage by use of discretionary power.*

## **2.Explicit standards and measures of performance**

*Goals and targets defined and measurable as indicators of success.*

# Essential characteristics

Christopher Hood

## **3. Greater emphasis on output controls.**

*Resource allocation and rewards are linked to performance.*

## **4. Shift to disaggregation of units in the public sector**

*Disaggregate public sector into corporatized units of activity, organized around products, with devolved budgets. Units dealing at arm's length with each other.*

# Essential characteristics

Christopher Hood

## **5. Shift to greater competition in the public sector.**

*Move to term contracts and public tendering procedures; introduction of market disciplines in public sector.*

## **6. Stress on private-sector styles of Management practice.**

*Move away from traditional public service ethics to more flexible pay, hiring, rules, etc.*

## **7. Stress on greater discipline and economy in public sector resource use.**

*Cutting direct costs, raising labor discipline, limiting compliance costs to business.*

# Principles

## Osborne and Gaebler

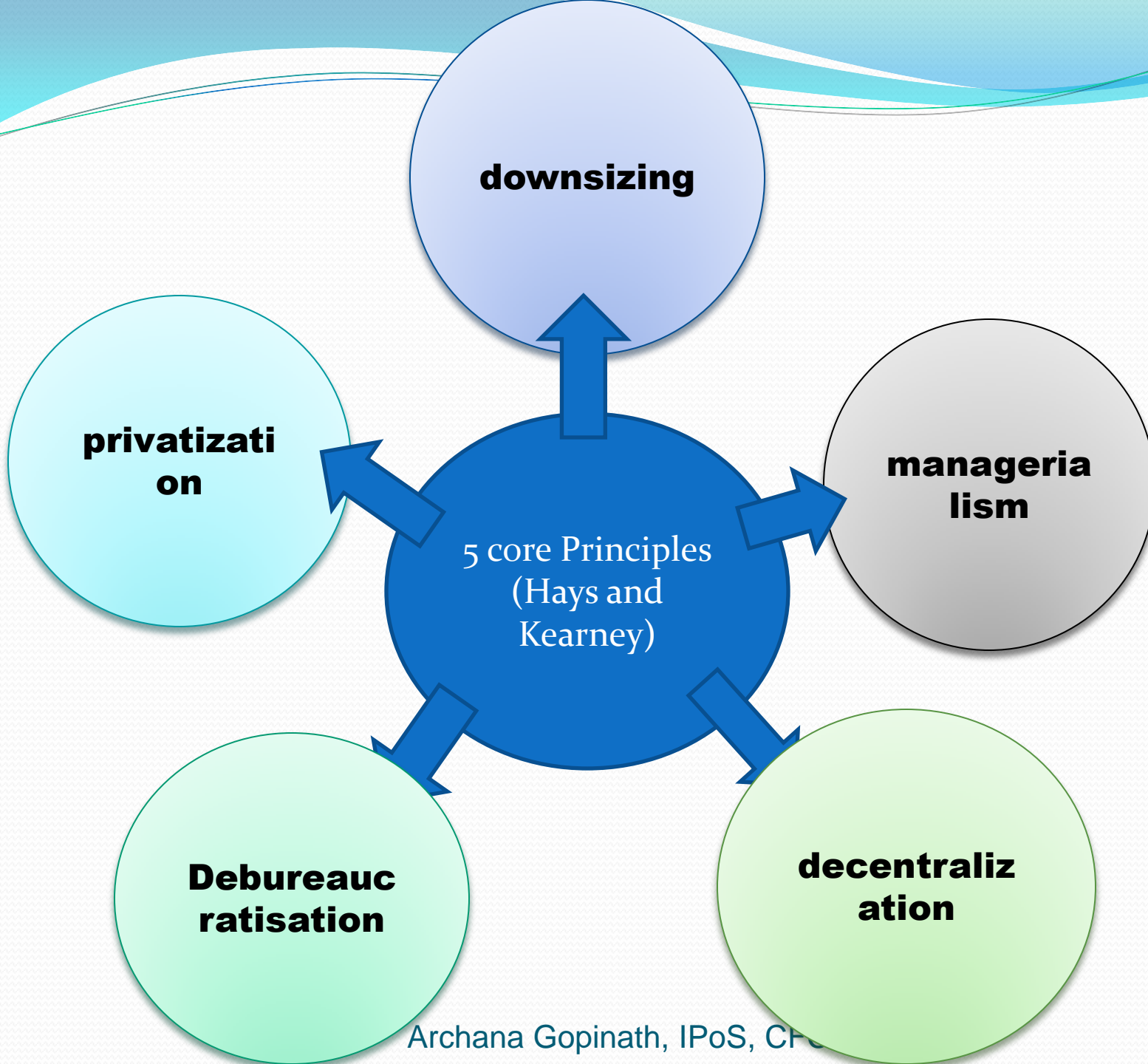


- **CATALYTIC GOVERNMENT:**  
*steering rather than rowing*
- **COMMUNITY-OWNED GOVERNMENT:**  
*empowering rather than serving*
- **COMPETITIVE GOVERNMENT:**  
*injecting competition into service delivery*
- **MISSION-DRIVEN GOVERNMENT:**  
*transforming rule-driven organizations*
- **RESULTS-ORIENTED GOVERNMENT:**  
*funding outcomes, not inputs*

# Principles

## Osborne and Gaebler

- **CUSTOMER-DRIVEN GOVERNMENT:**  
*meeting the needs of the customer, not their bureaucracy*
- **ENTERPRISING GOVERNMENT:**  
*rather than spending*
- **ANTICIPATORY GOVERNMENT:**  
*prevention rather than cure*
- **DECENTRALIZED GOVERNMENT:**  
*from hierarchy to participation and teamwork*
- **MARKET-ORIENTED GOVERNMENT :**  
*leveraging change through the market*



Ajoy Prasad

IPS

CFC-30

Public vs.  
Private Sector



# Types of Organisations

- Corporation
- Departmental

# Public VS Private Sector

	<b>Public</b>	<b>Private</b>
<b>Objective</b>	‘Social Service’??	Profitability/Market Share
<b>Change orientation</b>	Resistant to change	Innovation oriented
<b>Services</b>	No Choice (TINA Syndrome)	Public Choice theory
<b>Accountability</b>	To comply with minimum Standards	Satisfaction of Customers/Market Based
<b>Motivation</b>	Compliance of rules	Excellence
<b>Promotion</b>	Based on Seniority	Based on Performance/Merit
<b>Risk Taking</b>	Minimum/Negligible	Calculated Risk
<b>Retrenchment</b>	Very Difficult	Perform or Perish
<b>Funding</b>	Taxation	Profit
<b>Organisational Death</b>	“RAVANA”	“KARNA”

Anand  
Sharma, IPS  
CFC-40

Indian  
Perspectives

# INDIAN PERSPECTIVE ON NEW PUBLIC MANAGEMENT

- Concept of New Public Management dawned in India in early 90s during the era of economic liberalisation. It included:
  - Slimming down of government both in size as well as functions
  - Disinvestment and increased role of private sector
  - Making PSUs face open competition in free market
  - Reduction of Government control and enhancing transparency and efficiency
  - E-governance
  - RTI Act, 2005
  - Decentralisation of governance esp focus on panchayati raj institutions.
  - New performance appraisal system for govt. employees

# Current Political Regime & NPM

GoI focus on NPM principles manifested through:

- Lateral Entry of Private Sector Professionals in Govt. Organisations
- Digital India Campaign
- Removal of the requirement of affidavits
- Right to Receipt

Suresh Kumar  
Chadive, IPS  
CFC-20

# Indian Best Practices

# Common Services

Citizen Services at one shop



E-Seva version	State/Dept
Mee-Seva	AP, Telangana
Akshaya	Kerala
Bangalore One, Bhoomi	Karnataka
Samadhan	MP

**Common Services Centre Scheme – Under DeitY  
– 1.3 Lakhs CSCs all over india – 35 states/UTs**

- **Principles:-** Service to Clients, Transparency, Application of IT in service delivery,

Suresh Kumar Chadive, IPS, CFC-20

# Online Services

Citizen Services at Fingertips

- Railway Ticketing,
- Passport,
- Visa & Foreigners Registration,
- Income Tax Online,
- MCA21

• **Principles:-** Service to Clients,  
Transparency, Application of IT in service  
delivery,

Suresh Kumar Chadive, IPS, CFC-20





# Electricity Reforms

**BEST PRACTICE**

- Unbundling of SEBs into GEN/TRANS/DIS Coms
- Corporatisation – Degrees of Privatisation – Across all states
- **Principles:-** Disaggregation, Efficiency, Deregulation of Monopolies,

# Services as Rights

**BEST PRACTICE**

- Right to Service Act – MP (2010), Bihar (2011), Many states followed in 2012-2015
  - Citizens Charters – Quality, Timeframe, Charges & Procedures,
  - Banking Ombudsman Scheme - RBI
  - Quality management Certifications – Police !
- **Principles:-** Citizen Charters, Service Delivery to Citizens, Accountability, Transparency, Empowerment

Suresh Kumar Chadive, IPS, CFC-20

# Direct Benefit Transfer

**BEST PRACTICE**

- LPG – Largest 12 Cr Consumers – 4000 Cr savings  
Subsidy leakage
- MNREGA,
- Student Scholarships, etc.(35 Schemes) across 670+ districts (as on 31<sup>st</sup> March 2015).



- **Principles:-** Efficiency, Decentralisation, Using IT for Service Delivery, Transparency

# Reforms

**BEST PRACTICE**

- Procurement (Reverse Auction) &
- Sale (Auction)
  - Auction of Coal
  - and Spectrum -
- **Principles:-** Professional Management, Efficiency, Transparency

Suresh Kumar Chadive, IPS, CFC-20

# Economic Reforms



- Liberalisation-Privatisation-Globalisation
- VSNL, HZL, BALCO – **Disinvestment**,
- Not only privatisation ! - SAIL, SBI, Air India – Asked to Compete –
- **MOUs Navratnas, etc. – 1987-88 Exptl Basis**
- **Principles:- Professional Management, Efficiency, Decentralisation with Accountability, Corporatisation & Privatisation**

# Information Trends



- Right to Information Act
- Social Media in Govt – MyGov.in, Twitter
  
- **Principles:-** Transparency, People's participation in Policy,

Suresh Kumar Chadive, IPS, CFC-20

Meenakshi C,  
IFS  
CFC-50

# Issues of NPM

# STRUCTURAL ISSUES OF NPM

- PRODUCTIVITY  
(WITH LESS TAX MONEY HOW TO PRODUCE MORE SERVICES )
- MARKETISATION  
(TO ROOT OUT PATHOLOGIES OF BUREAUCRACY-HOW TO USE MARKET STYLE INCENTIVES)
- SERVICE ORIENTATION
- DECENTRALISATION ( NOT IN SPIRIT ,ONLY IN LETTER)
- POLICY (IMPROVING THE CAPACITY TO DEVISE AND TRACK POLICY)
- ACCOUNTABILITY (DELEVERING WHAT GOVT PROMISED)



# STRUCTURAL ISSUES OF NPM

- NEVER INTENDED TO INCORPORATE EQUITY AND SOCIAL JUSTICE CONCERNS.
- IDEOLOGY AND PRACTISE – TOO BRASH WITH BUSINESS ORIENTATION (CREATING UNEASE THAT SOCIAL JUSTICE CANT BE DELIVERED )
- MANAGERIAL PREDOMINANCE OVER POLICY CAPACITY
- AMBIGUITY IN POLITICIAN – BUREAUCRAT ROLE
- ABSENCE OF CLEAR CUT CONCEPT OF ACCOUNTABILITY.
- PROMOTION OF INDIVIDUALISTIC IDEAS IN PLACE OF COLLECTIVE INTERESTS.

# FUNCTIONAL ISSUES OF NPM

- While implementing RTI act
- Too much of MICROMANAGEMENT
- DECENTRALISATION PROCESS
- CORRUPTION
- ACCOUNTABILITY
- TRIBALS RIGHTS (TITLE)



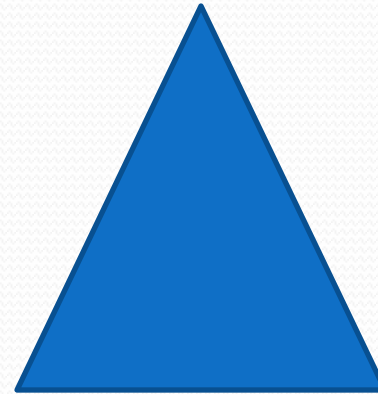
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Dr. Meenakshi C., IFS, CFC-50



**FOREST LAND**



**DISTRICT  
COLLECTOR**

**TRIBAL  
DEPT.**

# RECENT SCENARIO

- INDIA IS PERHAPS THE ONLY COUNTRY WHERE PARLIEMENT DOES THE JUDICIAL FUNCTION;
- COURT DOES THE EXECUTIVE FUNCTIONS &
- EXECUTIVE DOES THE LEGISLATIVE FUNCTIONS.....
  
- MEDIA DOES ALL THE THREE FUNCTIONS INCLUDING FOREIGN AFFAIRS.....

**????? HOW BEST THE ORGANS DELIVER  
TO THE PUBLIC ??????**

Dr. Meenakshi C., IFS, CFC-50

Abhimanu  
Sharma, ITS  
CFC-60

Conclusion

# CRITIQUE OF NEW PUBLIC MANAGEMENT(NPM)

- Anti- state ideology
- Negating social justice and equity concerns
- Reinforced Politics-Administration dichotomy
- Decline in basic social service and disintegration of social safety nets
- Dominant neo-liberal ideology

# Dominant neo-liberal ideology

## Washington consensus

It refers to a set of ten relatively specific economic policy prescriptions promoted by IMF and World Bank for crisis wrecked developing countries.

- Structural Adjustment and Stabilization Programmes
- “One size fits all approach” - Joseph Stiglitz
- Example Argentina, Bolivia, India(Delhi Power Reforms)

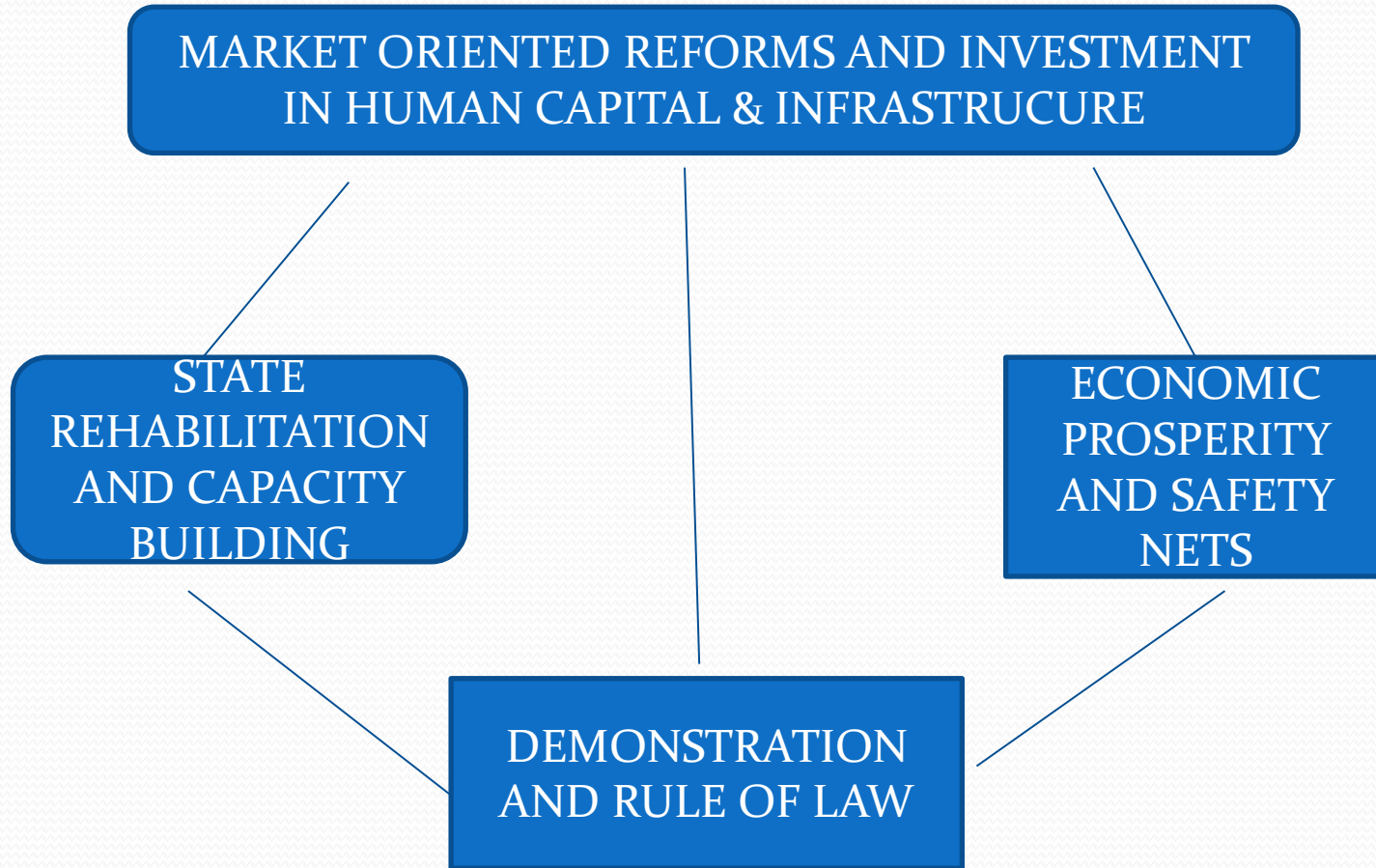


# ALTERNATIVE PARADIGM

From NPM to Good Governance

- ❑ Holistic perspective- not just economic growth but also political and social transformation.
- ❑ Human Development Report, 2001
  - *Human Development as something more than the mere rise and fall of National Incomes.*
  - *Providing enabling environment to people to develop their full potential and expanding choices.*

# Pragmatic neo-liberal development model



- ❑ “Sub-Saharan Africa: From Crisis to Sustainable Growth” (1989)
  - Crisis confronting the region as “crisis of governance”
- ❑ The Report on Human Development in South Asia (1999)
  - South Asia’s colossal human deprivation is not just due to economic reasons
  - The need for humane governance

# GOOD GOVERNANCE

- ❖ Operation of **Rule of Law**
- ❖ A policy environment which facilitates **economic growth and poverty reduction**
- ❖ Adequate **public expenditures** on basic health and infrastructure
- ❖ Protecting the vulnerable through affordable and targeted **safety nets**
- ❖ Protecting the **environment**

# Thank You

Any Questions ?