



CENTRE  
FOR CIVIL  
SOCIETY

# New Public Management

---

Parth J Shah

LIBERTY  
& SOCIETY  
SERIES

9

Based on the lecture delivered by Parth J Shah at Liberty & Society Seminars and ipolicy courses since 2001.

May 2015

ISBN: 978-81-87984-24-5

This publication has been produced in partnership with the Friedrich-Naumann-Stiftung für die Freiheit. The contents of this publication are the responsibility of the author and not of the organisation.

Right to reprint and use is granted with due acknowledgement to the author, Centre for Civil Society and Friedrich Naumann-Stiftung für die Freiheit.

# LIBERTY & SOCIETY SERIES

**C**entre for Civil Society organises academic programs for students, professors, journalists, and NGO leaders all across India. At first, these courses were titled as Liberty & Society Seminars (LSS) for college students. CCS has since revised the program to focus more on public policy and its implications in India, renaming the program as ipolicy. These four-day residential courses engage students in vital issues of public policy, and in creating a new vision for India. They provide participants with a greater understanding of the larger world—society, economy, and culture—within a liberal framework, which emphasises limited government, individual rights, rule of law, free trade, and competitive markets.

Challenging conventional wisdom, coupled with the excitement of discovery provides participants a once in a lifetime experience. The success of these courses, in creating new thinkers and leaders brought forth the idea of publishing key lectures so that others could experience the intellectual adventure. The lectures are a synthesis of research studies and various arguments that are by nature polemical. This series seeks to make these stimulating lectures from various CCS programs available to a wider audience.

This particular publication has been published in partnership with Friedrich Naumann-Stiftung für die Freiheit.



# NEW PUBLIC MANAGEMENT\*

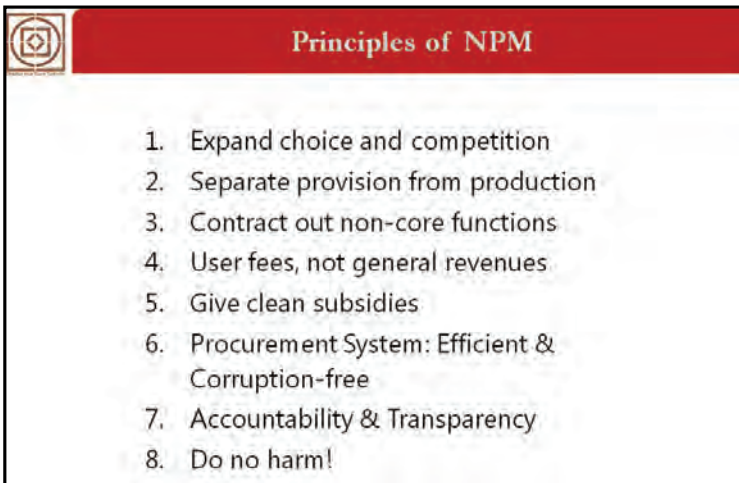
## INTRODUCTION

An entire discipline of Business Management exists to understand how private businesses operate and how they can improve operation. For the public sector, a similar training program exists called Public Administration. Many of the IAS officers are trained in it, in terms of administering public functions and providing various services to citizens.

So, a smart guy asked the question: why are there two distinct disciplines—Public Administration and Business Management? Both are largely doing very similar work. What happens when the two are combined? Do we attain better insight on how we run businesses or the public sector?

That is how a new area of study, 'New Public Management (NPM)' came about. NPM is an amalgamation of Public Administration and Business Management and is based on the principle that the government provides a large number of services to the public which are similar to those provided by the private sector. More often, the principles of Business Management are applied to the work of Public Administration. In terms of transparency and accountability, the principles applied to government are also applied to business.

I will take you through some key principles of NPM with the help of examples.



**Principles of NPM**

1. Expand choice and competition
2. Separate provision from production
3. Contract out non-core functions
4. User fees, not general revenues
5. Give clean subsidies
6. Procurement System: Efficient & Corruption-free
7. Accountability & Transparency
8. Do no harm!

\* Special thanks to my intern, Manek Singh Kohli for transcribing this document, and to my colleague Manasi Bose for updating the figures, editing the document and developing the slides.

Those involved in suggesting improvements in the schemes and programs that the government runs or overall policies that regulate a particular sector will find this exercise very useful.

**PRINCIPLE 1: EXPAND CHOICE AND COMPETITION**

The effort of two or more parties acting independently to secure the business of a third party by offering the most favourable terms.

Examples	
☺	☹
Mobile phones	Railways

The most important principle of NPM is to **organise the delivery of services so that there is more choice for consumers/citizens and greater competition amongst suppliers.** The delivery system must be designed in a way that the number of potential suppliers in the market is more than one. Can you think of examples where we could do this? What are the areas where there is not much choice or competition today? Think how we can bring about greater competition and a greater variety of choices.

\*\*\*

Activity 1

List some sectors where you think there is scope for expanding choice and competition.

---

---

---

---

---

---

---

---

---

\*\*\*

Look at mobile phones and telecom networks. Mobile phones used to be exclusive and expensive luxury items, yet today almost everyone you meet has one! What made this possible? Similarly, look at the choice a customer has when she is looking to join a mobile phone network! Airtel, Vodafone, Aircel, Docomo and Idea are just some of the many players in the market and she can switch between providers in case the packages offered or the tariffs do not meet her specific needs. On the other hand, in the case of taking a train from say, Delhi to Mumbai, the individual may have absolutely no option except a Ministry railway train. Why is there this stark difference in the degree of choice between the sectors?

The reason the mobile phone sector is flourishing and prices are consistently going down is the competition created by opening the sector to multiple suppliers of the same service. For the railways, increasing choice and competition would have similar results. This could be done by opening up more and more aspects of the system to private players, until ultimately, all parts of the service have competitive providers. Right now, the government is the only supplier in the railways and the principle of expanding choice and competition can be applied very effectively.

Some would fear that rail companies may escalate their prices, putting it out of reach of the poorer sections of society for whom this is the primary means of travel—especially the profit-maximising tendency of a private party, because private companies exist to make profits. However, look at companies that produce mobile phones. They too are in the business for the sake of profit, yet competition is resulting in the lowering of the prices of these commodities. That is exactly the nature of competition.

Of course, it may not be viable to have multiple tracks between New Delhi and Mumbai. It would be too expensive and unnecessary. So, we could create a system where the track may remain as it is today, laid down by the government. Train companies could then bid to offer competing services on the track—a luxury superfast train with few stoppages, running alongside budget trains which make more stops. Companies can then specialise in the railway business in the same manner they specialise in the airline business.

Expanding choice and competition in electricity supply faces similar challenges. Having multiple sets of wires and transmission poles would be unfeasible. How has this been addressed? In Delhi, this monopoly over electricity supply has been partially tackled. As part of reforms in 2002, the Delhi Vidyut Board was unbundled into the BSES Rajdhani Power Limited (BRPL), BSES Yamuna Power Limited (BYPL) and the Tata Power-Delhi Distribution Limited for distribution. The Delhi Electricity Regulatory Commission (DERC) is in charge of regulation in terms of tariff order etc. However, competition doesn't exist in this sector, since each company has monopoly on their service area—the BRPL in South Delhi, the BYPL in Central and East Delhi and the Tata Power-Delhi Distribution Limited in North and North-West Delhi<sup>1</sup>.


Competition could be expanded if the contract to supply electricity was set for a fixed period of time and bids invited from various private power companies. The contract would apply to the smallest governing unit, that is, the ward. A company would then bid for the provision of electricity to a particular ward and not the entire city, while the lines and physical infrastructure would be set in place by the government.

Bidding would take place for every individual ward. Within a ward itself there is no choice, but across wards there is. Since the contract is for only a fixed period of time, say, five years, at the end of the time period re-bidding would take place. The company must then gain the favour of the people. If they like the service, they will continue with it, otherwise some other private entity can take over electricity supply for the ward. Wards are also small enough units that a company would not incur significant costs in taking over another ward, especially since the lines and infrastructure would already be in place. In this way, competition is created—once voted in, the private entity will be locked in with the ward for the specific fixed period, after which the consumer can choose another company. This structure can be further expanded upon by putting forth a consumer satisfaction survey, which if it falls below a certain standard leads to a cancellation of the contract.



The Delhi Electricity Regulatory Commission (DERC) would not be required to fix the rate for the entire city, the rate would be fixed according to the private entity's contract. In this manner, corruption which can often accompany a single centralised body such as DERC will be negated.

## PRINCIPLE 2: SEPARATE PROVISION FROM PRODUCTION



Separate Provision from Production

*Government remains responsible for the finance and provision of the service, but production and delivery are carried out by private firms or non-profit organizations.*

Examples	
😊	😞
Ration shops	School textbooks

Another important principle of New Public Management is: **separate provision from production**, according to which, the government may be responsible for *providing or guaranteeing* the service but it does not have to be responsible for *producing* the service or the good. The government must ensure that everyone has access to it. There are a number of examples where the government has guaranteed the service without actually producing it.

Private-Public Partnerships (PPP) serve as a very good example of the range of things that are being done within the principle. Road, highway or building constructions are often Private-Public Partnerships. The government is mainly looking after the financing in most cases, while the private company actually looks after the production, and sometimes management.

Let's compare two examples—the public distribution through ration shops under the Public Distribution System (PDS), versus the production of school textbooks.

In the first case, the government wants to ensure access to food, so it distributes essential commodities like rice, wheat, sugar and kerosene through ration

shops across the country, but it does not *produce* these goods. It buys them goods from the farmers who produce it privately, and then sell it at reduced cost through the PDS system which consists of privately run shops. These shops receive a fee to provide subsidised food. Here we see two levels of Public Private Partnerships—the first with the farmer and the second with the private shops.

An even more efficient way to ensure food provision would be to hand out food vouchers, which could be redeemed for food at any local store.

On the other hand, in Delhi, the government wants to provide free textbooks to students. However, to do this, it *produces* these textbooks itself through a department called the Delhi Textbook Bureau. It runs the printing press which prints all the textbooks, which is why they are more often than not delayed in the academic year. In such a case, production and provision can be easily separated as it was in the case of PDS. The government could contract out the printing of copies to a private entity which would deliver them on time and face penalties in case of late delivery. They can then buy these books and hand them out for free. This would greatly improve efficiency because it is cheaper and more cost-effective; and the government could still continue to supply free textbooks.

This principle of NPM must be distinguished from privatisation. People think of privatisation as being synonymous with separating provision from production. When the Indian government privatised Modern Bakery—a bread company that the government owned—it was sold off in its entirety to a third party. After privatisation, the government had no say or control over how the entity will be managed.

Highways are built and the toll roads are managed by private companies, not by the government. Here, both construction and management is in private hands. However, does that mean we have privatised highways? No. The highways are owned by the government. Under this principle, what we are talking about here is *contracting out services* in a sense. The government *is not* giving up ownership or responsibility for making sure the service is supplied. That is where the difference between privatisation and separating provision from production lies.

An extreme case of this exists in Sandy Springs, Georgia in the United States. The town is run entirely on a series of Public-Private Partnership models, with

all government functions being contracted out to private enterprises except the police and fire department (though the 911 dispatch centre is once again privately managed). Even the court system is handled privately. The system has been working well since 2005<sup>2</sup>.

### PRINCIPLE 3: CONTRACT OUT NON-CORE FUNCTIONS

The third principle is relatively simple compared to the first two. It says **contract out non-core functions**. This can be defined for different services in different ways.

Contract Out Non-Core Functions

*By contracting out non-core functions, the organization can better focus its management attention on critical matters and at the same time bring world-class performance to peripheral functions.*

Examples	
☺	☹
Photo copying	Transport for government officials

During one of our training programs on New Public Management for Rajasthan State Cadre officers, an officer gave us an example.

He had installed a photocopier and had employed a person full-time to run it. Every time he wanted to get something copied, the person was not around and if he was around, often the machine would be dysfunctional. Searching for a solution to the problem, he invited bids from the local Xerox shops in the city about how much they would charge on a per page basis to install and operate their photocopier in his office for ten hours a day. After agreeing to a quote from one of the vendors, the officer had him set up the machine in his office and after that faced no problems. The Xerox shop owner would only make money if the copies were made. The incentive structure ensured that he was always available when needed and made sure the photocopier was working.

So, a very simple solution such as this could actually improve the efficiency of the government substantially. Since making photocopies is not a core function of the government, it can easily be contracted out.

\*\*\*

### Activity 2

List some non-core functions of key government departments you think could be contracted out.

---

---

---

---

---

---

---

---

---

---

---

---

\*\*\*

Similarly, one way to provide transport to government officers would be for the government to buy cars, hire drivers, repair these cars and operate petrol pumps—which they often do. Given that the purpose is simply to ensure that officers have transport, another way to do this would be to set up contracts with private taxi operators. In this manner, the government can concentrate on more important services as opposed to secondary services such as providing vehicles to staff members.

## PRINCIPLE 4: USER FEES, NOT GENERAL REVENUE

The fourth principle suggests that **user fees should be charged for whatever service is *being provided* as opposed to trying to fund the service**

User Fees, not General Revenues

*If you use a service, you pay for it. You don't pay if you don't use it.*

Examples	
😊	😞
Road tax	Toll tax

**through general tax revenue** and giving the service for free.

The basic idea is simple—if you use a service, you pay for it in proportion to your use. If you do not use a service, you do not pay for it.

We get roads free from the government. Ideally, we would like people to drive their car only when they have no other alternative. So each time they take their car out of the garage, they should do a cost-benefit calculation. How do we achieve this? We are not charged a user fee for driving our vehicles on government-provided road networks, we are charged a tax, whether it is called a “road tax” or a “car tax”. A tax constitutes general revenue. A confusion arises when people think that user fee and general taxation are synonymous since you would only pay these taxes when you own the vehicle, otherwise you would not pay them. However, differences exist, which can be easily elucidated with an example.

Person A has a car which she uses once in a week and Person B has a car which she uses for six hours on a daily basis. Are they using the road differently? Yes. But they both pay the same car tax. So, even if Person A has her car in the garage for a majority of the time, she still pays the same tax as Person B.

Can we devise a way to charge in accordance with the service utilisation? You could charge a petrol tax—taxing each time the tank is filled. This is easier than the road tax, where the cost-benefit analysis of taking your car out versus the tax you're paying is very cumbersome to calculate. But the most efficient would be if you could charge by use of the road, on the basis of how much you travel. The toll road is precisely about how much road you use and you pay accordingly as a toll or fee—this is also the easiest way for a person to compute how much they're paying every time they use their car.

An understanding of the cost of using your car would help incentivise more environment-friendly means of transport that could also reduce traffic on the roads, like carpooling and use of public transport.

A very technologically advanced but efficient mechanism was in place in Hong Kong between 1983 and 1985. Hong Kong has very limited and very expensive road space. They therefore created a mechanism where road usage was measured and a monthly bill dispatched according to it. Vehicles were fitted with electronic number plates, and at fixed intervals on the public road system, a sensor was placed. When an individual took his car out from the garage and began driving, the sensor sent a signal to the computer with data concerning the vehicle, such as its car number, making it possible to calculate the monthly road usage. At the end of the month a bill showcasing the usage and the due amount was delivered to the doorstep of the individual, just like a telephone bill<sup>3</sup>. The beauty of this system is that it also allows us to calibrate prices to calibrate use—charging higher prices during rush hour helps reduce the traffic at those times.

One may argue that this reflects an invasion of privacy, where the government is able to monitor the movement and other details of a vehicle. Mobile companies already have the data on our movements, so the privacy argument is weakened, but still, a solution to this could be to design a way that sensors simply measure the distance and not pinpoint the location of the vehicle.

## PRINCIPLE 5: GIVE CLEAN SUBSIDIES

Give Clean Subsidies

- Self-targeting
- Self-adjusting/liquidating
- Minimum price/market distortion

<b>Examples</b>	
😊	☹️
Maharashtra Employment Guarantee Scheme	National Rural Employment Guarantee Act

New Public Management literature does not argue against subsidies. It does, however, advocate that subsidies should be 'clean'. What does 'clean' mean?

Here are three characteristics of a clean subsidy:

1. **Self-Targeting:** It should be designed in such a way that it automatically targets the people you want to benefit. In other words, self-targeting implies people selecting themselves into a particular scheme. In this manner, those who need help would participate in the scheme, while those who do not, would not.
2. **Self-Adjusting:** The scheme expands as the demand grows and contracts as the demand shrinks. The idea is that when more people need help, the scheme expands.
3. **Minimum Price/Market Distortion:** The subsidy should be designed in a way that market prices are distorted as little as possible.

### Activity 3

Try and list examples of ‘dirty’ subsidies, which violate any one or more of the three conditions.

---

---

---

---

---

---

---

---

---

---

---

---

\*\*\*

Let us look at an example of a clean subsidy—the Maharashtra Employment Guarantee Scheme (EGS) started in the 1970s. The EGS had perhaps one of the cleanest subsidy provisions designed by the Government of India concerning employment. The scheme suggested that anyone can ask the government for employment. They would be paid less than the minimum wage in the area. They could stay employed for as long as they wished, there was no 100 day cap on the scheme (as there is in the NREGA). How is this an example of a clean subsidy, meeting all three criteria?

This scheme was designed during the time of a drought, when many people had no other way of making a living. Because the scheme paid less than alternatives when they were available, the incentive for individuals was to keep looking for better-paying work, and the moment they got a job, they would leave the scheme and do something else. So the scheme was clearly self-targeting, self-selecting and self-adjusting. Only those who really needed the job would work on less wages than the minimum wage. You ‘selected yourself’ if you needed the employment and the moment you did not, you withdrew yourself from the scheme. This has



worked beautifully, inspiring many employment guarantee schemes such as NREGA. Further, in so far as the wages offered under EGS were less than market wages, the scheme resulted in minimal distortion of market prices.

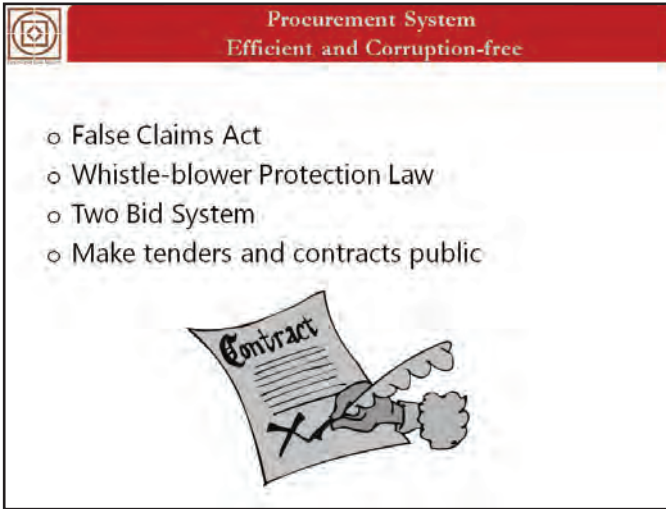
One might argue that giving people the option of staying for as long as they wish will lead to inefficiency since people can stay on for life and job security is provided. However, the self-withdrawal aspect has allowed people to move over to jobs with greater wages, no one has opted to reap the benefits of this scheme for life.

How is the EGS different from the current form of the NREGA? The NREGA scheme, while concentrating well on providing employment, had a few design flaws. For one, the wage rates offered are often above the market rate for employment, which incentivises those who opt in to stay in the scheme. This makes it non self-targeting and non self-liquidating, and increases dependency on the government. Another major flaw is the artificial 100-day limit—a person opts in when they are facing distress due to unemployment, yet if their circumstances have not improved within that 100 day window, they are still pushed out of the scheme.

The key reason for this difference in the efficacy of the two schemes is that the NREGA confuses income *support* with a government-provided *right to employment*. If we consider it a right, then wages offered must be as per the law. Since wages are higher than the market rate, there is a limit of 100 days. The NREGA therefore neither guarantees full employment, nor income support for as long as is needed, and it also distorts market wages.

An example of a dirty subsidy is the subsidies available to farmers—these subsidies, on fertiliser, water and electricity, are not self-targeting; anyone can avail of them whether or not they need them. They do not adjust themselves as per demand and supply, the subsidy remains constant whether or not demand for these products falls. They also result in a distortion of market prices of these commodities. The result of this subsidy is that there is an overuse of fertiliser and water, electric pumps are often left on for hours to ensure water pumps into the field whenever it comes. As a consequence, the water table is depleting and the soil is becoming uncultivable, ultimately hurting the same farmers that the subsidy is hoping to benefit. An alternative to this input subsidy could be negative income tax or an income subsidy—where those farmers who earn less than minimum income for the family receive supplemental income from the government, rather than receiving benefits in the form of subsidies which are dirty.

## **PRINCIPLE 6: PROCUREMENT SYSTEM - EFFICIENT AND CORRUPTION FREE**



The Indian Government and its various functionaries procure a large number of goods from private producers. Suppliers must submit tenders agreeing to supply goods of the requested specification. This is followed by the evaluation of tenders received. The evaluation must be such that the lowest evaluated responsive tender, selling at a reasonable price (in comparison with market prices, raw material costs etc.) is selected<sup>4</sup>. Laws laid down concerning this process aim to ensure responsibility, accountability, efficiency and economy where all suppliers are treated fairly and equitably in a competitive environment.

One of these is the False Claims Act in the United States which imposes a liability on persons and companies who defraud government programs. Under this act, the United States Department of Justice is authorised to pay rewards to those who report fraud against the Federal Government, in an amount of between 15-30 percent of what it recovers based upon the whistle-blower's report<sup>5</sup>.

The Whistle-blower Protection Act in the USA aims at maintaining and guaranteeing 'Freedom of Speech' for individuals in such situations. It protects workers who work for the government and private organisations and

report any retaliatory action taken by personnel against them because of their disclosure. The whistle-blowers, convinced of a violation of this law, may file a complaint<sup>6</sup>.

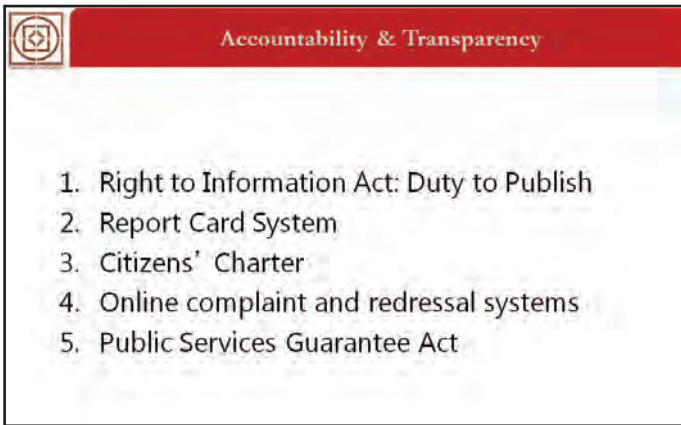
Coming to India, The Whistle-blower Protection Act 2011, is an Act of the Parliament of India that provides protection to any who exposes wrongdoings in government institutions, or misuse of power by any public servant<sup>7</sup>.

This Act however, has limitations in its current form. It is restricted to the Government of India and its employees and does not cover State-government employees or private institutions. It is not well worded either, with a limited definition of 'disclosure' and no definition of 'victimisation'<sup>8</sup>. Yet, it is considered very important for tackling corruption. It is also important to ensure the safety of whistle-blowers, so they can continue to raise their voice without fear of any repercussion or third-party danger. This highlights the importance of such a law.

Are there any ways through which the procurement system can be cleansed? Can we think of alternate systems to ensure that procurement takes place properly?

An answer to this would be the Two Bid System which recommends that for government functions that are contracted out, a company must make two bids—technical and financial. They must make these bids separately—the technical bid will focus on their management and technical skills for completion of the project, the financial bid will outline the costs. Two committees independently examine these bids, neither sees the other part of the bid. The top three companies would then be selected in each category. A third committee then looks at both sets of recommendations to find a match and takes a judgement call on who would get the contract. This increases the transparency in granting government contracts. This system will prevent the official from discriminating on the basis of price and therefore, chances of corruption will be reduced<sup>9</sup>.

## PRINCIPLE 7: ACCOUNTABILITY AND TRANSPARENCY



The next principle talks about **accountability and transparency** in public administration and governance. Accountability, in its simplest sense, means holding people responsible for their performance and the results of their decisions. It ranges from a very narrow and technical concept of financial accountability, which holds people responsible for the money they control, to the broader concept of political accountability, which holds officials responsible for living up to the expectations of their office. Good governance requires accountability by public officials—both elected political leaders and civil servants.

Accountability requires open and public procedures—in other words, transparency. Information collected and widely published, without which accountability is almost meaningless. It must also be widely accessible. A good information system coupled with transparency results in effective governance<sup>10</sup>.

### *Right to Information and Duty to Publish*

In India, we have the Right to Information (RTI) Act of 2005. This Act is a strong move toward increasing transparency. Under its '*Duty to Furnish*' provision, any citizen may request information from a 'public authority', and they are required to reply within 30 days. The Act, under '*Duty to Publish*' (DTP), also requires every public authority to computerise their records for wide dissemination.

Section 4 of the RTI also recommends that 17 things about a government department be published *suo moto* on their website. CCS recommended that the government take note of the top five requests received under RTI every year and include them in Section 4. This way, the list expands by five items every year and within five to ten years, almost anything a citizen wished to find out about a particular department will be available to them. The problem is there is no incentive system in place to support Duty to Publish.

### *Report Card System*

A report card system is another effective way of ensuring accountability and transparency. Just like a school 'report card system' where a student's year-long evaluation is summarised in a single document, at the end of the year, the public authority publishes a report summarising their work, giving an insight into their achievement and progress on short-term and long-term objectives.

The Public Affairs Centre<sup>11</sup> in Bangalore has one such initiative aiming to improve delivery of public services. They conduct a satisfaction survey of citizens about government services—specifically, patients at government hospitals and ask them about their experiences, what worked and what did not. They share this report with hospitals and repeat the survey every year to check for improvements. The problem remains that there is no penalty or consequence for lack of redress. This could become something with teeth if the government were to accept these reports as official and instituted punishment for the management in terms of delayed promotions in order to increase likelihood of these reports being taken seriously.

### *Citizens' Charter*

A related concept to this is the Citizens' Charter. The charter is a document that declares the functioning, obligations, duties and commitments of a public authority for providing goods and services, as well as the standard and the timeline for delivery of these. This works well if you think about a Delhi Jal Board office, where the mandate, mission, vision and obligations will be displayed clearly for those seeking services to see.

### *Online Redressal System*

An online complaint and redressal system would also allow for greater participation of the public in ensuring accountability and transparency of public services. Today, PG Portal or Portal for Public Grievances<sup>12</sup> serves as

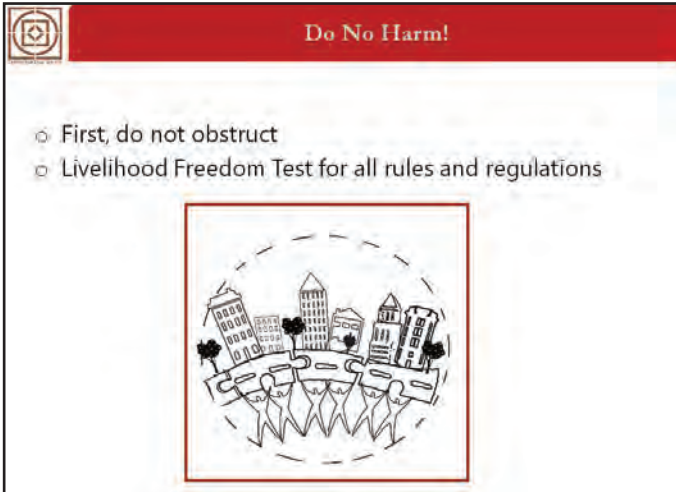
the Indian government's main online grievance redressal system. It includes a citizen corner where a grievance can be lodged, a clarification on a past grievance can be made and the status of the grievance can be viewed. Currently, the condition is that grievances received will be acknowledged within three days and addressed within three months.

Praja<sup>33</sup> also helped set up an Online Complaint Management System for the Municipal Corporation of Greater Mumbai (MCGM), which is now run by the Corporation. This was set up because a survey of citizens in Mumbai revealed that government offices were inefficient in addressing complaints by citizens. Praja has therefore streamlined the process—citizens can lodge their complaints by logging on to the portal. These complaints are fed into an online management system which is connected to all the ward offices in the city as well as to the Head Office of the MCGM. The complaints must be resolved within the time period laid down in the Citizens' Charter otherwise it is automatically forwarded to the higher authorities until it finally reaches the Municipal Commissioner. This ensures accountability among the officials.

#### *Public Services Guarantee Act*

Lastly, we have the Public Services Guarantee Act. The Act is like a codified version of the citizens' charter. The difference is that it clearly prescribes punishment for failure, which increases both transparency and accountability. The Act has currently been passed by 16 states. At the Central level the Right of Citizens for Time Bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011 has been proposed but is yet to be enacted. The bill is geared at ensuring timely delivery of goods and services to citizens—a citizen may file a complaint regarding any grievance related to the services and provisions outlined in the charter, the functioning of a public authority, or violation of a law, policy or scheme. It also mandates timely grievance redressal (30 days) and levies a penalty of up to INR 50,000 upon the responsible officer or the Grievance Redressal Officer for failure to render services<sup>14</sup>.

## THE FINAL PRINCIPLE: DO NO HARM



The last principle is rather simple. **“If you cannot improve a situation, at least Do No Harm”**. In other words, if you cannot help people, at least do not make their situation worse. This is reminiscent of the Hippocratic oath that doctors take. The same concept applies to government rules and public policies.

The Livelihood Freedom Test helps in further understanding this concept and its application. This test analyses whether a particular regulation, law or provision constrains the freedom of individuals to practice an honest occupation of their choice. This was applied by Centre for Civil Society while trying to assess the regulations during our Jeevika Campaign. If we allow a regulation that creates a barrier to the individual when trying to earn a living to exist, we are causing harm. We can immediately rectify it by abolishing the barrier. If we are not able to create jobs or offer income support, we should first remove hurdles to earning an honest living like a street vendor’s license to vend, or the restrictions on a farmer’s freedom to buy and sell his land.

This is one way of applying this principle of ‘Do No Harm’. This also gives a different perspective concerning how a government task is designed. It is possible to analyse the type of work that the government does so that you are not causing harm if you’re helping people in what you do<sup>15</sup>.

## **Conclusion**

These eight principles of NPM New Public Management, apply principles of Business Management to Public Administration. NPM well applied, helps create a system where the public sector functions more efficiently and is accountable to the people.



## Endnotes

<sup>1</sup> “Electricity Scenario of National Capital Territory of Delhi”, *Green Clean Guide*, 1 August 2013.

URL: <http://greencleanguide.com/2013/08/01/electricity-scenario-of-national-capital-territory-of-delhi/>

<sup>2</sup> David Segal, “A Georgia Town Takes the People’s Business Private”, *New York Times*, 23 June 2012.

URL: [http://www.nytimes.com/2012/06/24/business/a-georgia-town-takes-the-peoples-business-private.html?\\_r=0](http://www.nytimes.com/2012/06/24/business/a-georgia-town-takes-the-peoples-business-private.html?_r=0)

You can also read more about the Sandy Springs model in Oliver Porter’s book– ‘*Creating the New City of Sandy Springs*’ (Bloomington: Author House, 2006).

<sup>3</sup> Timothy D Hau, “Transport For Urban Development In Hong Kong” Transport and Communications for Urban Development: Report of the HABITAT II (1997).

URL: [http://www.ucl.ac.uk/dpu-projects/drivers\\_urb\\_change/urb\\_infrastructure/pdf\\_transport/HABITATII\\_Hau\\_transport\\_hong\\_kong.pdf](http://www.ucl.ac.uk/dpu-projects/drivers_urb_change/urb_infrastructure/pdf_transport/HABITATII_Hau_transport_hong_kong.pdf)

<sup>4</sup> Library of Congress “Government Procurement Law and Policy: India”

URL: <http://www.loc.gov/law/help/govt-procurement-law/india.php>

<sup>5</sup> Legal Information Institute, Cornell University.

URL: [https://www.law.cornell.edu/wex/false\\_claims\\_act](https://www.law.cornell.edu/wex/false_claims_act)

<sup>6</sup> United States Securities and Exchange Commission.

URL: <http://www.sec.gov/eeoinfo/whistleblowers.htm>

<sup>7</sup> The Whistle Blowers Protection Act, 2011.

URL: <http://www.indiacode.nic.in/acts2014/17%20of%202014.pdf>

<sup>8</sup> G Sampath, “Whistleblowers’ Protection Bill: Anti-graft only in name”, *LiveMint*, 4 March 2014.

URL: <http://www.livemint.com/Opinion/XewVGKojY4EHA7r9KbyNTM/Whistleblowers-Protection-Bill-Antigraft-only-in-name.html>

<sup>9</sup> Directorate General of Supplies and Disposals, “Two-Bid System – Instructions on Procedure Relating Thereto’.

URL: <http://dgsnd.gov.in/writereaddata/sites/default/files/annexure-16.pdf>

<sup>10</sup> Parth J Shah and Makarand Bakore, *New Public Governance*. (New Delhi: Centre for Civil Society, 2006)

<sup>11</sup> PAC in Bangalore is an institutional initiative aimed at improving governance through research and dissemination of research findings regarding provision of government services.

URL: <http://www.pacindia.org/>

<sup>12</sup> You can take a better look at the Guidelines for Redress of Public Grievances including Employee Grievances, Citizens' Charters and Information Facilitation Counters here:

[http://darpg.nic.in/darpgwebsite\\_cms/Document/file/PGR\\_Guideline.pdf](http://darpg.nic.in/darpgwebsite_cms/Document/file/PGR_Guideline.pdf)

<sup>13</sup> Praja Online Complaint Management System.

URL: <http://www.praja.org/our-project-online-complaint-management-system.php>

<sup>14</sup> PRS Legislative Research: 'Legislative Brief The Right of Citizens for Time Bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011'.

URL: <http://www.prsindia.org/uploads/media/Citizen%20charter/Legislative%20Brief%20Citizens%20Charter%2027%20Sep.pdf>

<sup>15</sup> A great resource on the seen and unseen consequences of government action is *Economics in One Lesson* by Henry Hazlitt (New York: Random House, 1996) "The art of economics consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups."





## **FRIEDRICH-NAUMANN-STIFTUNG FÜR DIE FREIHEIT**

The Friedrich-Naumann-Stiftung für die Freiheit is the foundation for liberal politics. It was founded in 1958 by, amongst others, Theodor Heuss, the first German Federal President after World War II. The Foundation currently works in some sixty different countries around the world – to promote ideas on liberty and strategies for freedom. Our instruments include civic education, political consultancy and political dialogue.

The Friedrich-Naumann-Stiftung für die Freiheit lends its expertise for endeavours to consolidate and strengthen freedom, democracy, market economy and the rule of law. As the only liberal organisation of its kind worldwide, the Foundation facilitates to lay the groundwork for a future in freedom that bears responsibility for the coming generations.

South Asia has a strong tradition of tolerance and love for freedom, a growing middle class which increasingly asserts itself, and evolving liberalising economies. In this milieu, the Foundation works with numerous partner organisations to strengthen the structures of democracy, the rule of law, and the economic preconditions for social development and a life in dignity.

**Visit FNF at [www.southasia.fnst.org](http://www.southasia.fnst.org)**

## **CENTRE FOR CIVIL SOCIETY**

Centre for Civil Society advances social change through public policy. Our work in education, livelihood, and policy training promotes choice and accountability across private and public sectors. To translate policy into practice, we engage with policy and opinion leaders through research, pilot projects and advocacy.

Our vision is that each individual leads a life of choice in personal, economic and political spheres and every institution is accountable.

**Visit CCS at [www.ccs.in](http://www.ccs.in)**

---

Friedrich Naumann  
STIFTUNG

FÜR DIE FREIHEIT



**CENTRE FOR CIVIL SOCIETY**

A-69 Hauz Khas, New Delhi 110 016

Voice: 2653 7456 / 2652 1882 Fax: 2651 2347

Email: [ccs@ccs.in](mailto:ccs@ccs.in) Web: [www.ccs.in](http://www.ccs.in)