

WRAP Exams · wrapexams.com

Prelims PYQ, Mains model answers, and copy evaluation. Write to the desk for this paper, a doubt, or the AI waitlist.

ask@wrapexams.com · +91 85951 84903 · wrapexams.com

Q7

Case study. Rajesh Kumar is a senior public servant, with a reputation of honesty and forthrightness, currently posted in the Finance Ministry as Head of the Budget Division. His department is presently busy in organising the budgetary support to the states, four of which are due to go to the polls within the financial year. This year's annual budget had allotted Rs 8300 crores for National Housing Scheme (NHS), a centrally sponsored social housing scheme for the weaker sections of society. Rs 775 crores have been drawn for NHS till June. The Ministry of Commerce had long been pursuing a case for setting up a Special Economic Zone (SEZ) in a southern state to boost exports. After two years of detailed discussions between the centre and state, the Union Cabinet approved the project in August. Process was initiated to acquire the necessary land. Eighteen months ago, a leading Public Sector Unit (PSU) had projected the need for setting up a large natural gas processing plant in a northern state for the regional gas grid. The required land is already in possession of the PSU. The gas grid is an essential component of the national energy security strategy. After three rounds of global bidding the project was allotted to an MNC, M/s XYZ Hydrocarbons. The first tranche of payment to the MNC is scheduled to be made in December. Finance Ministry was asked for a timely allocation of an additional Rs 6000 crores for these two developmental projects. It was decided to recommend re-appropriation of this entire amount from the NHS allocation. The file was forwarded to Budget Department for their comments and further processing. On studying the case file, Rajesh Kumar realized that this re-appropriation may cause inordinate delay in the execution of NHS, a project much publicized in the rallies of senior politicians. Correspondingly, non-availability of finances would cause financial loss in the SEZ and national embarrassment due to delayed payment in an international project. Rajesh Kumar discussed the matter with his seniors. He was conveyed that this politically sensitive situation needs to be

processed immediately. Rajesh Kumar realized that diversion of funds from NHS could raise difficult questions for the government in the Parliament. Discuss the following with reference to this case: (a) Ethical issues involved in re-appropriation of funds from a welfare project to the developmental projects. (b) Given the need for proper utilization of public funds, discuss the options available to Rajesh Kumar. Is resigning a worthy option?

UPSC Civil Services Mains 2020 · GS IV · 20 marks · Ethics Case Studies

Case Studies on above issues.

Core demand of the question

- **Rajesh Kumar, honest Head of Budget Division in the Finance Ministry. NHS:** Rs 8300 crore for weaker-section housing; Rs 775 crore drawn till June. Cabinet-approved SEZ in a southern State and an MNC gas-processing plant on a national gas grid with first payment due in December need an additional Rs 6000 crore. Proposal: re-appropriate the entire amount from NHS. Four States poll this year; NHS is politically publicised; delay on the MNC payment risks national embarrassment
- (a) Ethical issues in re-appropriating from a welfare project to developmental projects
- (b) Options for Rajesh Kumar given proper utilisation of public funds. Is resigning a worthy option?

Revision summary

Re-appropriating the whole NHS to SEZ and a gas plant pits two public goods against the weakest and against Parliament.

Ethical issues are trust, justice, voted budget, electoral hush, and international contractual duty.

Do not dump NHS; do not default on the committed tranche; do not resign as the first tool.

Use supplementary grant, other uncommitted heads, and at most certified partial re-appropriation with a speaking note to the House.

Resignation follows only a persisted illegal written order after dissent is recorded.

Introduction

Two lawful public goods are fighting one envelope. Housing for the weak is not a slogan to be emptied for a ribbon. The SEZ and the gas grid are not toys. Rajesh Kumar's duty is to keep both alive in the budget, with Parliament told the truth - not to dump the National Housing Scheme for political convenience, and not to resign as the first tool.

Body

Stakeholders

- Weaker-section households who were promised NHS houses, and the States implementing the scheme.
- The southern State and workers who would gain from the SEZ; exporters and the Commerce Ministry.

- The northern gas grid, energy security, the PSU, and M/s XYZ Hydrocarbons waiting on a contracted first tranche in December.
- Parliament, the Comptroller and Auditor General, and the taxpayer.
- The ruling political executive facing four State polls, and opposition benches who will rightly ask about NHS.
- Rajesh Kumar, his seniors, and the reputation of the Budget Division for honesty.

(a) Ethical issues in re-appropriation from NHS to development

- Public money is a trust. Both welfare housing and infrastructure are legitimate uses. Stealing the whole of one to fund the other is not "development ethics"; it is a false choice.
- **Justice to the weakest:** NHS is targeted at weaker sections. Emptying it after rallies have already used it as a promise is bad faith toward people who cannot lobby a Cabinet note.
- **Fidelity to the voted budget:** the annual allocation was Parliament's decision. Silent, total re-appropriation treats the House as a formality.
- **Transparency versus electoral convenience:** four poll-bound States make delay on NHS politically explosive and also make a hush-up tempting. Ethics is disclosure, not clever timing.
- **Pacta sunt servanda on the international payment:** a contracted tranche to an MNC is a legal and reputational duty. Default is not a moral high ground; it is another broken public promise.
- Land already with the PSU and Cabinet approval of the SEZ mean sunk public process. Ignoring that waste is also a utilisation failure.
- **Conflict of interest of the political calendar:** "process immediately" can mean "hide the NHS hole until after voting." That is an illegal oral colour on a budget file.
- **Equity between regions:** a southern SEZ and a northern grid versus a national housing list - the ethic is a speaking, numbered split, not a winner-take-all.
- **Utilisation:** money sitting idle is wrong; money raided from a live welfare scheme to look like utilisation of a prestige project is also wrong.
- **Integrity of the officer:** signing a total diversion he knows will stall NHS, without alternatives on the note, makes him a co-author of the broken house.

(b) Options; resignation is not the first tool

- **Option 1:** Recommend re-appropriation of the entire Rs 6000 crore from NHS, as asked, with a thin note.
- **Merit:** seniors are pleased; December payment is safe; SEZ land process continues.
- **Demerit:** NHS is gutted after only Rs 775 crore is drawn; Parliament is blindsided; weaker sections pay for a political convenience. Rejected.
- **Option 2:** Refuse any money to SEZ and the gas plant, "protect the poor," and let the MNC tranche slip.
- **Merit:** looks pro-welfare.
- **Demerit:** contractual default, possible damages, energy-security delay, and waste of a Cabinet-approved SEZ. Welfare is not a licence to break lawful development commitments. Rejected as the sole path.
- **Option 3:** Resign at once so that someone else signs.
- **Merit:** personal cleanliness theatre.
- **Demerit:** the next incumbent may be more pliant; the file still needs a constitutional officer; resignation without a recorded alternative is abandonment. Not worthy as the first or main option. It becomes worthy only if an illegal written order is insisted upon after every lawful path

is refused on paper.

- **Option 4:** Supplementary grant / additional budget, re-prioritisation from non-committed heads, or market borrowing within FRBM and Cabinet-Parliament process, so that NHS is not the piggy bank.
- **Merit:** both objects can live; the House votes the extra.
- **Demerit:** time, Cabinet bandwidth, and fiscal space. Still the cleanest money.
- **Option 5:** Phased or partial re-appropriation from NHS only of what will not be spent this year, with a published phasing of housing, plus full financing of the December international payment from a ring-fenced source, and a speaking note to Parliament.
- **Merit:** protects legally committed payment; does not dump the housing scheme; tells the truth.
- **Demerit:** some NHS delay may remain; that delay must be quantified, compensated in the next schedule, and not used as a quiet kill.
- **Option 6:** Leak to the press first.
- **Merit:** sunlight.
- **Demerit:** budget secrets, market panic, and trial of a file that should go to the Finance Minister and the House. Media after the note is upstairs, not instead of it.

Most appropriate course

- Do not recommend dumping the entire NHS allocation. Record that Rs 8300 crore was a voted welfare commitment and that only Rs 775 crore drawn does not prove the rest is surplus - it may prove slow administrative drawal that the Ministry must accelerate, not confiscate.
- Protect the December payment to M/s XYZ Hydrocarbons as a legally committed international obligation: identify a lawful source that is not a silent death of NHS.
- **Put on file a menu:** supplementary grant; savings from uncommitted, non-welfare heads; partial re-appropriation limited to independently certified NHS underspend; and a phased SEZ cash plan that matches land and clearances actually ready.
- **Insist on Parliament disclosure:** re-appropriation and supplementary demands are not private bargains among seniors. Difficult questions in the House are a feature of democracy, not a reason to hide.
- Tell seniors in writing that "politically sensitive" does not authorise a false utilisation story before four State elections.
- If ordered orally to strip NHS in full, ask for a written order, offer the lawful menu again, and if the written order is illegal, refuse under Conduct Rules and the Constitution's budget scheme; only then consider resignation after the dissent is on the record and copied to the competent authority.
- **Public money:** welfare and development both. The ethical officer is the one who keeps both in the light.

Flow diagram

Rs 6000 crore demand -> Refuse full NHS dump
 Refuse full NHS dump -> Supplementary / other heads
 Refuse full NHS dump -> Partial phased with disclosure
 Refuse full NHS dump -> Protect December MNC payment
 Entire NHS raid -> Bad faith to weaker sections
 Resign first -> Pliant successor

Conclusion

Total raid on NHS is a betrayal of the weak and of the voted budget. Default on the MNC tranche is a second betrayal. Rajesh Kumar should finance the committed payment, keep housing alive through supplementary or honest partial means, disclose to Parliament, and treat resignation as last dissent, not as the opening move.

Facts & figures

Constitutional budget process

Expenditure requires parliamentary authority; re-appropriation and supplementary grants exist so that a ministry cannot quietly rewrite the voted envelope.

General Financial Rules

Govern re-appropriation, utilisation and the duty not to divert a scheme into a false surplus by starving it.

FRBM framework

Fiscal expansion for a genuine supplementary must still respect deficit law; ethics is not a blank cheque, nor a raid on the poor.

Pacta sunt servanda

A scheduled payment to an MNC after global bidding is a public legal duty; embarrassment is the symptom, default is the wrong.

Comptroller and Auditor General of India

Will read a total NHS diversion against a poll calendar as a utilisation and propriety question; write the file as if already under audit.

WRAP Exams · Write. Read. Analyse. Practice. · <https://wrapexams.com/upsc/mains-answers/gs-4/2020/case-study-rajesh-kumar-is-a-senior-public-servant-with-a-reputation-of-honesty-and-forthrightness-currently-posted-in-the-finance-ministry-as-head-of-the-budget-division-his-department-is-presently-busy-in-organising/> · ask@wrapexams.com · wrapexams.com