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Q7

Case study. Prabhat was working as Vice President (Marketing) at Sterling Electric Ltd., a reputed multinational company. But presently the company was passing through the difficult times as the sales were continuously showing downward trend in the last two quarters. His division, which hitherto had been a major revenue contributor to the company's financial health, was now desperately trying to procure some big government order for them. But their best efforts did not yield any positive success or breakthrough. His was a professional company and his local bosses were under pressure from their London-based HO to show some positive results. In the last performance review meeting taken by the Executive Director (India Head), he was reprimanded for his poor performance. He assured them that his division is working on a special contract from the Ministry of Defence for a secret installation near Gwalior and tender is being submitted shortly. He was under extreme pressure and he was deeply perturbed. What aggravated the situation further was a warning from the top that if the deal is not clinched in favour of the company, his division might have to be closed and he may have to quit his lucrative job. There was another dimension which was causing him deep mental torture and agony. This pertained to his personal precarious financial health. He was a single earner in the family with two school-college going children and his old ailing mother. The heavy expenditure on education and medical was causing a big strain to his monthly pay packet. Regular EMI for housing loan taken from bank unavoidable and any default would render him liable for severe legal action. In the above backdrop, he was hoping for some miracle to happen. There was sudden turn of events. His Secretary informed that a gentleman Subhas Verma wanted to see him as he was interested in the position of Manager which was to be filled by him in the company. He further brought to his notice that his CV has been received through the office of the Minister of Defence. During interview of the candidate-Subhash Verma, he found him

technically sound, resourceful and experienced marketer. He seemed to be well-conversant with tendering procedures and having knack of follow-up and liaising in this regard Prabhat felt that he was better choice than the rest of the candidates who were recently interviewed by him in the last few days. Subhash Verma also indicated that he was in possession of the copies of the bid documents that the Unique Electronics Ltd. would be submitting the next day to the Defence Ministry for their tender. He offered to hand over those documents subject to his employment in the company on suitable terms and conditions. He made it clear that in the process, the Sterling Electric Ltd. could outbid their rival company and get the bid and hefty Defence Ministry order. He indicated that it will be win-win situation for both-him and the company. Prabhat was absolutely stunned. It was a mixed feeling of shock and thrill. He was uncomfortable and perspiring. If accepted, all his problems would vanish instantly and he may be rewarded for securing the much awaited tender and thereby boosting company's sales and financial health. He was in a fix as to the future course of action. He was wonder-struck at the guts of Subhash Verma in having surreptitiously removing his own company papers and offering to the rival company for a job. Being an experienced person, he was examining the pros and cons of the proposal/situation and he asked him to come the next day. (a) Discuss the ethical issues involved in the case. (b) Critically examine the options available to Prabhat in the above situation. (c) Which of the above would be the most appropriate for Prabhat and why?

UPSC Civil Services Mains 2022 · GS IV · 20 marks · Ethics Case Studies

Case Studies on above issues.

Core demand of the question

- Prabhat, Vice President (Marketing) at Sterling Electric Ltd., is under sales and family-debt pressure. Subhash Verma, whose CV arrived via a Defence Minister's office, offers stolen Unique Electronics bid papers for a job so Sterling can outbid a Ministry of Defence tender near Gwalior
- (a) Ethical issues
- (b) Options, critically examined
- (c) Most appropriate course and why. Reject buying stolen tender documents

Revision summary

Subhash Verma offered Unique Electronics' stolen bid in return for a job at Sterling Electric.

The ethical issues are theft, unfair Defence procurement, family-induced **conflict of interest**, and a ministerial side-door.

Accepting or "only studying" the papers is rejected.

The sound course is refusal, a written record, legal and investigative channels, and a clean independent bid.

Family hardship is met by lawful finance and medicine, not by bid theft.

Introduction

Sterling Electric needs a Defence Ministry order. Subhash Verma offers Unique Electronics' bid papers as the price of a job. Prabhat's EMI, his mother's illness and a London head-office threat do not turn theft of a rival's tender into strategy.

Body

Stakeholders

- Prabhat, his children, and his ailing mother, who depend on a lawful salary.
- Sterling Electric Ltd., its India head, and the London head office.
- Unique Electronics Ltd., whose bid documents were removed without authority.
- Subhash Verma, who seeks a job in exchange for stolen papers.
- The Ministry of Defence and the public, who need a fair tender for a secret installation near Gwalior.
- Other honest candidates for the Manager post.

(a) Ethical issues

- Theft and use of a competitor's bid is commercial fraud and a crime against fair competition, not a "win-win".
- A Defence tender is a public trust. Collusion or bid-rigging can endanger national security and waste public money.
- **Conflict of interest:** Prabhat's private debt and fear of closure are pulling against his duty to the company as a lawful firm and to the market as a fair player.
- Integrity versus loyalty to a head office that wants a number at any cost.
- The CV arriving through a minister's office is already a red flag of influence-peddling; buying stolen papers would complete the capture.
- Hiring a person whose advertised skill is theft trains the firm in crime and blackmail: Subhash can later sell Sterling's papers too.
- Empathy for Prabhat's family is real. Empathy is not a licence to steal. Lawful paths exist for medical cost and for a professional bid.
- Silence after the offer is already knowledge of a likely offence. Pretending the meeting never happened is concealment.

(b) Options

- **Option 1:** Accept the papers, hire Subhash, and undercut Unique Electronics.
- **Merit:** none that ethics or criminal law can use; it might save a quarter's number.
- **Demerit:** theft, possible offences under the Indian Penal Code, 1860 on **stolen property and cheating**, blacklisting, and a security risk on a Defence site. This option is rejected.
- **Option 2:** Bargain for a lower price or for photocopies "only to study the format".

- **Merit:** none.
- **Demerit:** still receipt of stolen goods and still bid theft. Format can be read from the official tender.
- **Option 3:** Ignore the offer, hire Subhash anyway because he seemed technically sound, and stay silent.
- **Merit:** looks like ordinary recruitment.
- **Demerit:** the hire is tainted; Unique's papers may still move through him; you have joined a cover-up.
- **Option 4:** Leak the story to harm Unique or the minister.
- **Merit:** noise.
- **Demerit:** you become a player in the same dirty market and may destroy a fair bidder without a competent inquiry.
- **Option 5:** Refuse the papers, close the interview on that offer, record the incident, inform company legal and ethics officers, and, where facts suggest a cognizable offence, inform the competent police or anti-corruption channel; submit Sterling's own independent bid.
- **Merit:** law, fair competition, and a firm that can still look a Ministry in the face.
- **Demerit:** the Gwalior order may be lost and Prabhat may still face closure pressure; that is the honest commercial risk, not a reason to steal.

(c) Most appropriate course

- Do not take, copy, photograph or "glance at" Unique Electronics' bid documents. Reject the bargain in clear words.
- Do not hire Subhash Verma on the strength of stolen papers. If recruitment continues, it must be a clean, advertised process without a ministerial side-door.
- **Write a contemporaneous note of the meeting for Sterling's legal, compliance and India Head:** who came, what was offered, and that the papers were refused.
- Advise the company to bid only on the official tender, costed by engineers, even if the bid loses.
- If the papers were produced in the room, do not keep them. Route them to legal counsel for return or for handing to the investigating agency; do not use their contents.
- **Tell the London office the truth:** a stolen-bid shortcut was refused because it would destroy the company when found, and because it is wrong.
- **For the family:** use lawful medical insurance, bank restructuring of EMI, company hardship policy if any, and honest job search - not a Defence fraud.
- If the India Head orders him to take the papers, refuse in writing. A lucrative job bought with stolen Defence papers is not devotion to the firm; it is the firm's future prosecution.

Flow diagram

Stolen Unique bid papers -> Refuse and record
 Refuse and record -> Company legal and competent agency
 Refuse and record -> Independent lawful tender
 Accept papers -> Theft and tainted Defence order
 Hire for papers -> Blackmail and blacklisting

Conclusion

Family debt and a closing division are real pressures. Stolen Defence bid documents are not a product. Refuse, record, bid clean, and keep Subhash Verma away from the payroll of that bargain.

Facts & figures

Fair public procurement

A Ministry of Defence tender must be won on the published terms, not on a rival's stolen price and technical sheet.

Stolen property and cheating

Receiving or using documents known to be taken from another company can attract property and fraud offences under the Indian Penal Code, 1860.

Conflict of interest

Prabhat's EMI and job fear are private stakes that must be disclosed to himself as bias, then set aside, not used as a reason to steal.

Competition and bid-rigging

Using a rival's sealed bid to undercut is the opposite of competition; it is collusion against the public buyer.

Corporate compliance

A multinational that wants a Defence order needs a documented refusal of stolen papers more than it needs one tainted quarter.

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