Ethics & Morality · GS - IV

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 78300 crores for National Housing Scheme (NHS), a centrally sponsored social housing scheme for the weaker sections of society. 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.

BECOME IAS
AI POWERED UPSC PREP

Finance Ministry was asked for a timely allocation of an additional 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:

1. **Ethical issues involved in re-appropriation of funds from a welfare project to the developmental projects.**
2. **Given the need for proper utilisation of public funds, discuss the options available to Rajesh Kumar. Is resigning a worthy option?**

BECOME IAS
AI POWERED UPSC PREP

EXAM YEAR	PAPER	SUBJECT
2020	GS - IV	Ethics & Morality

MARKS	WORD LIMIT
20	~250 words

Answer Hint

Public interest, distributive justice, welfare of vulnerable sections, fiscal prudence, political pressure, transparency, accountability, administrative integrity, alternative financing, constitutional responsibility, resignation versus corrective action

Model Answer

Introduction

The case presents a conflict between social welfare commitments, developmental priorities, fiscal responsibility and political pressure. Rajesh Kumar must ensure that public funds are allocated lawfully, transparently and in accordance with public interest.

1. Ethical issues involved

- **Distributive justice:** Diverting funds from housing for weaker sections may disproportionately burden vulnerable citizens.
- **Competing public interests:** The SEZ may generate exports and employment, while the gas plant supports energy security and international contractual obligations.
- **Political expediency:** Electoral considerations may influence resource allocation instead of objective priorities.
- **Fiscal propriety:** Re-appropriation must comply with budgetary rules and legislative authorisation.
- **Transparency and accountability:** Concealing the consequences of diversion would undermine parliamentary oversight.
- **Intergenerational and social responsibility:** Delaying housing can deepen deprivation and undermine citizens' dignity.

2. Options available to Rajesh Kumar

1. **Examine the proposal:** Assess NHS expenditure, pending commitments, implementation capacity and the actual urgency of both projects.
2. **Explore alternatives:** Seek supplementary grants, additional allocations, phased expenditure or other permissible funding sources.
3. **Recommend partial re-appropriation:** If legally permissible, protect essential housing commitments while meeting the most

urgent developmental expenditure.

4. **Record a reasoned dissent:** Place the social, financial and legal implications on file and advise seniors in writing.
5. **Escalate appropriately:** If irregularities persist, refer the matter through authorised financial and vigilance channels.
6. **Ensure legislative accountability:** Follow applicable financial rules and disclosure requirements rather than concealing the diversion.

Is resignation a worthy option?

Resignation should be a last resort, not the first response. By remaining in service, Rajesh Kumar can influence the decision, protect public funds and ensure procedural compliance. If compelled to participate in manifestly unlawful conduct despite exhausting institutional remedies, he may consider resignation while preserving the relevant record.

Conclusion

Rajesh Kumar should pursue principled, evidence-based financial advice and exhaust lawful corrective mechanisms. Integrity requires not merely refusing wrongdoing but actively safeguarding both developmental goals and the rights of vulnerable citizens.

BECOME IAS
AI POWERED UPSC PREP