Ethics & Morality · GS - IV

Effective utilization of public funds is crucial to meet development goals. Critically examine the reasons for under-utilization and mis-utilization of public funds and their implications.

EXAM YEAR	PAPER	SUBJECT
2019	GS - IV	Ethics & Morality

MARKS	WORD LIMIT
10	~150 words

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Answer Hint

Administrative capacity; delayed approvals; weak planning; corruption; poor monitoring; opportunity costs; service-delivery gaps; outcome budgeting

Model Answer

Introduction

Public funds are collected from citizens and allocated to achieve developmental and welfare objectives. Their effective utilisation is essential for inclusive growth, service delivery and public trust.

Reasons for Under-utilisation

1. **Administrative delays:** Lengthy approvals, procurement procedures and interdepartmental coordination delay expenditure.
2. **Weak planning:** Unrealistic estimates, inadequate project preparation and land-acquisition problems slow implementation.
3. **Capacity constraints:** Shortages of trained personnel and technical expertise reduce execution capacity.
4. **Late fund releases:** Delayed transfers to implementing agencies leave insufficient time for planned activities.

Reasons for Mis-utilisation

1. **Corruption:** Diversion of funds, bribery and inflated contracts increase project costs.
2. **Poor monitoring:** Weak audits and inadequate verification allow irregularities to continue.
3. **Political considerations:** Expenditure may be directed towards visible short-term gains rather than genuine needs.
4. **Weak accountability:** Unclear responsibilities reduce incentives for efficient implementation.

Implications

- Incomplete infrastructure and delayed welfare benefits.
- Higher project costs and wastage of scarce resources.
- Exclusion of vulnerable beneficiaries and widening inequalities.
- Lower public trust and reduced developmental outcomes.
- Fiscal pressure without corresponding improvements in public services.

Way Forward

Outcome-based budgeting, timely fund releases, transparent e-procurement, social audits, independent evaluations and clear accountability can improve expenditure quality.

Conclusion

Public expenditure must be assessed not merely by the amount spent but by the public value created. Efficiency, transparency and accountability are essential for achieving developmental goals.

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