

Activism and restraint

CAG Needs No Homilies

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IN HIS address to the valedictory session of the recently concluded All India Conference of Accountants-General, an event that is held once every two years, Finance Minister Arun Jaitley advised the Comptroller & Auditor General of India (CAG) against “sensationalising” his reports and creating an environment of “finger-pointing”. He said that the CAG “doesn’t have to sensationalise” and that “he doesn’t have to get into the headlines.” Earlier, addressing the inaugural session of the same conference, the Chairman of the Public Accounts Committee, Prof. KV Thomas had voiced similar sentiments and advised the auditor to restrict his audits only to financial impropriety instead of reporting “astronomical” figures of notional losses. It is indeed interesting to observe two leaders from the opposite ends of the political spectrum speaking in a similar language on an issue which has certainly had a bearing on the political fortunes of both their parties in the Lok Sabha and Assembly elections held this year.

Sensationalisation of any report is not the job of the CAG, it is the media that sensationalises his reports and political parties display extraordinary ingenuity and eagerness to capitalise on such ‘sensational’ reports. The CAG reports on 2G Spectrum allocation, Commonwealth games, allocation of coal blocks, Adarsh Housing Society etc. were responsible in no small measure in dislodging the governments at the Centre and the states. The political party the Finance Minister represents missed no opportunity to make the maximum capital out of these reports in its bid to capture power, exploiting the public outcry over these reports. It is therefore a little surprising and ironical to hear the same minister singing a different tune and now advising the CAG what to do.

Of the few institutions that still enjoy a little credibility in our country and evoke some respect in the public mind, the institutions of the CAG and the Election Commission are the two essential pillars of public accountability and democracy. The country ought to be proud of them. The political class has let us down very badly and the legislative, executive, judiciary and police have all lost much of their legitimacy, and hence authority, in the public eye. It is only because of its credibility that the CAG report can still stimulate a measure of anger among the public. The credibility comes from the manner in which the institution functions, the objectivity that unmistakably characterises each of its reports and the robustness of its processes.

The Minister, who is an erudite lawyer besides being an astute politician, need not be reminded that during its existence for more than 150 years, the institution of the CAG has never ever been accused of compromising the objectivity of its findings, which are always based on concrete, documented and verifiable evidence. Independence, objectivity and reasonableness have always been the non-negotiable hallmarks of the CAG’s office since its inception and one can reasonably hope that these qualities will continue to define the institution in future... and only if the politicians leave it alone.

The 'sensationalisation' that both the minister and the PAC Chairman cautioned against arises because of the media's projection of the findings. Consider the 2G Spectrum case, for example. Nobody disputes that the exchequer suffered losses, that the losses were real, that instead of auctioning, the spectrum was allocated to favoured players at throwaway prices and that the process of allocation of the spectrum was completely ad hoc, arbitrary and opaque. But then there was no way the losses could be precisely quantified in terms of money-value and hence any loss ascertained while attempting to value the 2G Spectrum allocation in 2007-08 at 2001 rates could only have been 'presumptive', as all determinants of the value had since changed beyond measure. The CAG therefore assumed three scenarios, and put a figure of loss according to each scenario, clearly stating the assumptions involved. The rationality of these assumptions was never challenged, but what was objected to was the quantification of losses due to Spectrum allocation, which varied between Rs 57600 crore and Rs 1.76 lakh crore, according to these assumptions. The media picked up and highlighted the highest figure of losses and that stuck in the public mind.

Similarly, in the coal block allocation case, no one really disbelieved the CAG's observations regarding the arbitrariness of the allocation process or the crony capitalism inherent in it, but the presumptive loss of Rs 1.84 lakh crore, again calculated by the CAG on the basis of reasonable assumptions, was questioned and ridiculed. The ruling party missed no opportunity to malign and deride the institution of the CAG systematically in the media, but the figure had again influenced the public imagination, fuelling their anger further against a scam-tainted Government perceived to be neck-deep in corruption. The BJP as a party was the most important beneficiary of that public angst.

The figures mentioned and assumptions made by the CAG in that report have since been vindicated and the famous 'no-loss theory' propagated by another erudite minister, Mr Kapil Sibal, was soundly rejected when the Supreme Court dismissed the allotment of Spectrum as "unconstitutional and arbitrary" in February 2012. It quashed all 122 licences issued in 2008 during the tenure of the then Telecom Minister Mr A Raja and later directed the Government to revise the Spectrum prices upwards. In September 2014, the Supreme Court again cancelled all but four of 218 coal block allocations made by the government over the past two decades ~ a verdict that is certain to impact the energy sector adversely, as coal fuels more than two-thirds of the power generated in India. Earlier, in August, the court had ruled that the coal blocks were allotted through an 'ad hoc and casual' approach without any application of mind, clearly stating that, "Common good and public interest suffered heavily in the unfair distribution of the national wealth ~ coal." The strictness of the verdict has forced a rethink on the procedures for allocation of all national resources by the Government, a fact the Minister was candid enough to admit. Referring to the 2G Spectrum and coal block allocations, he said that the country was made to pay a very 'heavy price' as contracts were cancelled and the power sector was facing a crisis. Assuring that the concept of fairness in the allocation of natural resources has been introduced, he has admitted, "Both in the Spectrum and coal case, we have learnt that natural resources and their allocation is not the prerogative of the state. Valuable resources can't be allotted to whoever the state wants without value being realised. We have learnt that the hard way, giving a setback to the economy".

Would he have learnt these lessons if the CAG had not cited those so-called 'astronomical figures' in his reports? Would the Court have taken such a strong and uncompromising position? Would the

process of allocation of natural resources ever have the chance to be made fair, transparent and objective, if the CAG had stopped short of putting figures to the losses? Or even more, would the ruling dispensation have changed, and made to pay a heavy price for its indiscretion and perception of corruption?

These are questions only a historian can possibly address. This is only a humble, and a gentle reminder to the Minister that those who forget to take lessons from history are condemned to repeat them. The CAG is only an independent, objective reporter. He is neither an activist nor an executioner. He needs no reminder that "activism and restraint must be two sides of the same coin." Restraint is actually needed by those who indulge in acts that bring disrepute to the nation and cause losses to the exchequer by their nefarious deeds.