

NEWS ITEMS ON CAG /AUDIT REPORTS

1. Audit plays catalytic role in promoting efficiency, effectiveness: CAG (*aninews.in*) 15 March 2024

The Comptroller and Auditor General of India on Friday highlighted the importance of auditing that promotes efficiency and effectiveness, credible assurance on transparency, reliability, compliance to laws/rules and overall achievements of government entities.

"The objectives of the audit are not merely to find out the deviations, noncompliance and fault finding in lawful decision-making but it plays a catalytic role in promoting efficiency and effectiveness, said Comptroller and Auditor General of India, Girish Chandra Murmu while speaking at SRCC Business Conclave here on Friday.

The primary function of the CAG is to audit the financial transactions of the government at all levels - Union, State, and local bodies. This includes scrutinising government revenues, expenditures, loans, grants, and other financial activities.

"Different types of audits are taken up against the extant policies, rules, and standards already prevalent at the time of audit. We inspect and examine records and the audit reports thereon are based on evidence," he added.

Auditing plays a crucial role in promoting good governance, preventing corruption, and instilling confidence in public administration.

"The role of CAG assumes significance because of our federal multi-party democracy, wherein both the Union and State Governments are responsible for the formulation and implementation of a large number of schemes involving substantial public resources," he further stated.

Murmu stated that accountability, transparency, efficiency and effectiveness are assertions that are tested in audits.

"Such independent checks on the functioning of the government provide credibility to the executive and confidence to the public at large. Securing accountability of the government protects its fiscal stability and its image globally," he said.

The CAG further said although accountability does not start and end with an audit, it emphasizes the need to take responsibility for healthy governance.

Different types of audits promote a pervasive sense of accountability, prompt course correction, optimal use of resources, efficient and effective implementation of plans, projects and programmes, etc. thereby complementing the administration and good governance.

Stating that these principles are not exclusive to public functionaries, Murmu said that practising financial discipline is essential to those in the private sector and also in their daily lives.

"Businesses that keep an eye on both the top and bottom lines are often successful in meeting their obligations to all stakeholders. On the other hand, there have been several cases where the readiness of easy capital led to wasteful expenditure, losing sight of the target and eventual collapse of businesses," CAG stated

He suggested keeping in mind your social responsibility, which extends beyond simply paying taxes.

"While profit maximisation and wealth creation are rightfully the drivers of the private sector, as India enters its Amrit Kaal, you are in a position of great privilege. The country looks towards you to lead the way in economy, science, policy, research, etc. As the world hails India's demographic dividend, harnessing it will require more training, skilling and opportunities. You are the generation that will lead India for the next few decades, and I am sure your time in this prestigious institution will equip you with the tools that you will need to face the world," added Murmu.

Advising the students to make the most of the opportunities that are coming their way, the CAG said that they should think of how they can benefit the nation and how their work can help their fellow Indians.

"Today, India has the third-largest startup ecosystem in the world, and we need to continue this strong push. Job creators, instead of job seekers, are just as important," he concluded. <https://www.aninews.in/news/national/general-news/audit-plays-catalytic-role-in-promoting-efficiency-effectiveness-cag20240315182710/>

2. / Audit plays catalytic role in promoting efficiency, effectiveness: CAG (ptinews.com) Mar 15 2024

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Advising the students to make the most of the opportunities that are coming their way, the CAG said that they should think of how they can benefit the nation and how their work can help the fellow Indians. <https://www.ptinews.com/story/business/audit-plays-catalytic-role-in-promoting-efficiency-effectiveness-cag-murmu/1360664>

3. Follow highest professional, ethical standards to prevent collapse: CAG's G C Murmu to firms (*indianexpress.com*) March 15, 2024

Murmu said that India is the "bright spot" in the world economy today, and it will continue to attract more investment during the 'Amrit Kaal'.

Observing that faltering of business professionals causes domino effects, leading to the failure of entities such as Silicon Valley Bank, Comptroller and Auditor General G C Murmu said on Friday that if the highest professional and ethical standards were truly followed, companies like Satyam and Infrastructure Leasing & Financial Services Ltd (ILFS) would not have collapsed.

Addressing the SRCC Business Conclave at Shri Ram College of Commerce in New Delhi, Murmu said: "The history of phenomenal growth in trade and commerce is closely intertwined with the development of business professionals. At the same time, we have seen that when professionals falter, it causes a domino effect across the world; prominent examples being that of Silicon Valley Bank, Credit Suisse, etc. In India too, we have had cases where the highest professional and ethical standards, if truly followed, would have prevented the collapse of companies like Satyam and ILFS."

Murmu said that India is the "bright spot" in the world economy today, and it will continue to attract more investment during the 'Amrit Kaal'. "Today, India is a bright spot in the world economy with high GDP growth, rapid development of infrastructure, encouraging FDI flow — progressing towards the third largest economy in the world.

During Amrit Kaal, this journey will continue attracting more investment, fund flow development, and growth. India has the demographic advantage of a large young population, and it is expected that talented young people like you will have the opportunity to join this journey to lead the country towards Vikshit Bharat," he said, while underlining the role of CAG in the country.

Murmu added: “The role of CAG assumes significance in the view of our federal multi-party democracy, wherein both the Union and state governments are responsible for the formulation and implementation of a large number of schemes involving substantial public resources...”

Highlighting the independence of CAG, Murmu said: “During the deliberations of the drafting committee of the Constitution, Babasaheb Dr B R Ambedkar had very famously said ‘I am of the opinion that this dignitary or officer is probably the most important officer in the Constitution of India. He is the one man who is going to see that the expenses voted by Parliament are not exceeded, or varied from what has been laid down by Parliament in the Appropriation Act. If this functionary is to carry out the duties — and his duties, I submit, are far more important than the duties even of the Judiciary — he should have been certainly as independent as the Judiciary’.”
<https://indianexpress.com/article/india/follow-highest-professional-ethical-standards-to-prevent-collapse-cags-g-c-murmu-to-firms-9216825/>

4. Audit plays catalytic role in promoting efficiency, effectiveness: CAG (*business-standard.com*) Mar 15 2024

Speaking at the SRCC Business Conclave in Delhi, the CAG said different types of audit are taken up against the extant policies, rules, and standards prevalent at the time of audit

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5. CAG Emphasises Audit's Catalytic Role in Enhancing Efficiency & Effectiveness (*businessworld.in*) 16 March 2024

While emphasising the broader principles of accountability, Comptroller and Auditor General of India (CAG) Girish Chandra Murmu reiterated that financial discipline is not exclusive to public entities but is equally essential in the private sector and individuals' daily lives

In a recent address at the SRCC Business Conclave, Comptroller and Auditor General of India (CAG) Girish Chandra Murmu emphasised the multifaceted objectives of audits, stating that they extend beyond merely identifying deviations and non-compliance. Murmu underscored the importance of promoting efficiency and effectiveness through audits, highlighting their role in testing assertions of accountability, transparency and the optimal use of resources.

Murmu stressed that accountability, transparency, efficiency and effectiveness are crucial aspects evaluated through audits, which ultimately enhance the credibility of the government and instill confidence in the public. He noted that independent checks on government functioning play a pivotal role in safeguarding fiscal stability and enhancing the government's global image.

While emphasising the broader principles of accountability, Murmu reiterated that financial discipline is not exclusive to public entities but is equally essential in the private sector and individuals' daily lives. He cautioned against the pitfalls of disregarding financial prudence, citing instances where excessive reliance on easy capital resulted in wasteful expenditure and eventual business collapse.

Highlighting the dual objectives of profit maximisation and social responsibility in the private sector, Murmu urged businesses to uphold their obligations towards all stakeholders and consider their broader societal impact beyond tax obligations.

Addressing students, Murmu encouraged them to seize opportunities and contemplate how their endeavors can contribute to national development and benefit fellow citizens. He urged them to leverage their skills and talents for the greater good of society, emphasising the importance of aligning personal ambitions with social responsibilities. <https://www.businessworld.in/article/CAG-Emphasises-Audit-s-Catalytic-Role-In-Enhancing-Efficiency-Effectiveness/16-03-2024-513681/>

6. Audit Plays Catalytic Role in Promoting Efficiency, Effectiveness: CAG (*latestly.com*) March 15, 2024

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Advising the students to make the most of the opportunities that are coming their way, the CAG said that they should think of how they can benefit the nation and how their work can help their fellow Indians.

"Today, India has the third-largest startup ecosystem in the world, and we need to continue this strong push. Job creators, instead of job seekers, are just as important," he concluded. <https://www.latestly.com/agency-news/india-news-audit-plays-catalytic-role-in-promoting-efficiency-effectiveness-cag-5823741.html>

7. Audit plays catalytic role in promoting efficiency, effectiveness: CAG (newsdrum.in) Mar 15 2024

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9. उत्प्रेरक की भूमिका निभाता है ऑडिट: सीएजी (livehindustan.com)

March 15, 2024

गिरीश चंद्र मुर्मु ने एसआरसीसी बिजनेस कॉन्क्लेव को किया संबोधित छात्रों को आने वाले अवसरों का अधिकतम लाभ उठाने की सलाह दी

नई दिल्ली, एजेंसी। ऑडिट का उद्देश्य केवल वैध निर्णय लेने में विचलन, गैर-अनुपालन और गलती दृढ़ता नहीं है, बल्कि दक्षता और प्रभावशीलता को बढ़ावा देना भी है। ऑडिट के समय मौजूदा नीतियों, यों नियमों और मानकों के खिलाफ विभिन्न प्रकार के ऑडिट किए जाते हैं। यह बात भारत के नियंत्रक एवं महालेखा परीक्षक (सीएजी) गिरीश चंद्र मुर्मु ने शुक्रवार को एसआरसीसी बिजनेस कॉन्क्लेव में कही।

सीएजी ने कहा कि जवाबदेही, पारदर्शिता, दक्षता और प्रभावशीलता ऐसे दावे हैं जिनका ऑडिट में परीक्षण किया जाता है। सरकार के कामकाज पर इस तरह की स्वतंत्र जांच कार्यपालिका को विश्वसनीयता और बड़े पैमाने पर जनता को विश्वास प्रदान करती है। साथ ही सरकार की जवाबदेही सुनिश्चित करने से उसकी वित्तीय स्थिरता और वैश्विक स्तर पर उसकी छवि की रक्षा होती है।

उन्होंने ने कहा, यद्यपि जवाबदेही लेखापरीक्षा के साथ शुरू और समाप्त नहीं होती है, यह स्वस्थ शासन के लिए जिम्मेदारी तय करने की आवश्यकता पर जोर देती है। विभिन्न प्रकार के ऑडिट, जवाबदेही की व्यापक भावना, शीघ्र

सुधार, संसाधनों का इष्टतम उपयोग, योजनाओं, परियोजनाओं और कार्यक्रमों के कुशल और प्रभावी कार्यान्वयन आदि को बढ़ावा देते हैं, जिससे यह प्रशासन और सुशासन का पूरक होता है।

मुर्मु ने कहा कि वह फिर से ध्यान देंगे कि ये सिद्धांत केवल सार्वजनिक पदाधिकारियों के लिए नहीं हैं। वित्तीय अनुशासन का अभ्यास निजी क्षेत्र के लोगों के लिए और हमारे अपने दैनिक जीवन में भी आवश्यक है। जो व्यवसाय शीर्ष और निचले स्तर दोनों पर नजर रखते हैं वे अक्सर सभी हितधारकों के प्रति अपने दायित्वों को पूरा करने में सफल होते हैं। दूसरी ओर, ऐसे कई मामले सामने आए हैं जहां आसान पूंजी की तैयारी के कारण फिजूलखर्ची हुई, लक्ष्य से भटकना पड़ा और अंततः कारोबार ध्वस्त हो गया।

सीएजी ने आगे कहा कि जबकि लाभ अधिकतमकरण और धन सृजन सही मायने में निजी क्षेत्र के चालक हैं। आप सभी को मेरा एकमात्र सुझाव यह है कि आप अपनी सामाजिक जिम्मेदारी को भी ध्यान में रखें, जो केवल करों का भुगतान करने से परे फैली हुई है। उन्होंने छात्रों को आने वाले अवसरों का अधिकतम लाभ उठाने की सलाह दी। सीएजी ने कहा कि छात्रों को यह सोचना चाहिए कि वे देश को कैसे लाभ पहुंचा सकते हैं और उनके काम से साथी भारतीयों को कैसे मदद मिल

सकती है। <https://www.livehindustan.com/ncr/new-delhi/story-audit-plays-the-role-of-catalyst-cag-9545873.html>

10. CAG's 2017 Report Flagged Serious Irregularities by Future Gaming, Top Purchaser of Electoral Bonds (*thewire.in*) 18 March 2024

The decision to audit was made by the Union home ministry in 2015 following complaints of corruption and violations in lotteries, with owner Santiago Martin being a major player.

The Comptroller and Audit General of India (CAG) flagged serious irregularities by marketing agents, including Future Gaming and Hotel Services owned by lottery king Santiago Martin, in a 2017 report submitted to Parliament.

According to the Economic Times, Future Gaming and Hotel Services, one of the biggest buyers of electoral bonds worth Rs 1,368 crore, was highlighted in recent data released by the Election Commission of India (ECI).

The decision to audit was made by the Union home ministry in 2015 following complaints of corruption and violations in lotteries, with Martin being a major player.

“The marketing agents (MA) have cornered 98.60% of sale proceeds of lotteries while the state could receive a meagre 1.40% of sale proceeds, during the audit period 2010-2016,” the newspaper reported, citing the CAG report said.

In its report titled ‘Performance Audit on Sikkim State Lotteries’, the CAG noted, “The award of marketing contract of the state’s lotteries to various lottery MAs was characterised by lack of transparency, frequent extensions of contract without competitive bidding and considerable delay in finalisation of tenders that led to huge loss of revenue to the state. The operations of lottery business were fully controlled and conducted by the private operators called MA.”

Besides Sikkim, Martin operated in Punjab, Manipur, Meghalaya, Nagaland and was involved in lottery scams in Tamil Nadu, Andhra Pradesh, Bihar, Jharkhand, the business daily reported citing officials familiar with his dealings.

The home ministry issued directions to state governments to oversee lottery marketing arrangements and “ensure that the persons, firms involved in selling, distribution, printing of lotteries do not violate any provision of the Act”.

Martin’s lottery empire is estimated to be worth Rs 40,000 crore, and he is involved in various other industries such as real estate, media, construction, software, and pharma.

Interestingly, Future Gaming and Hotel Services emerged as the biggest buyer of electoral bonds. The company spent Rs 1,368 crore on them between October 2020 and January 2024, according to Project Electoral Bond, an investigative collaboration project involving three news organisations – Newslaundry, Scroll, The News Minute – and several independent journalists.

The Dravida Munnetra Kazhagam (DMK) received Rs 656.5 crore through electoral bonds between April 2019 and November 2023, the report said, citing details filed by the party to the Supreme Court in a sealed cover.

Out of this, Rs 509 crore was donated by Martin, according to DMK.

It remains unclear to whom the company donated the rest of the electoral bonds.

In addition, the investigative report found that several companies which donated electoral bonds to political parties faced raids several times over the last few years. And Future Gaming and Hotel Services was one of them.

“Martin has been under the scanner of agencies since 2007. In 2011, the CBI registered 30 cases against him and his close aides,” the report said.

“In 2019, the Enforcement Directorate launched a money laundering investigation against Martin. As part of this, the agency attached the company’s assets from April 2022 to May 2023. Between April and December 2022, Future Gaming bought electoral bonds worth Rs 290 crore,” it added.

“Raids were also conducted on properties owned by Martin and his son-in-law, Aadhav Arjun, in September 2022 and April 2023. In this period, Future Gaming bought electoral bonds worth Rs 303 crore,” it said. <https://thewire.in/government/cags-2017-report-flagged-serious-irregularities-by-future-gaming-top-purchaser-of-electoral-bonds>

11. CAG's 2017 report pointed out serious irregularities by Martin (*economictimes.indiatimes.com*) March 18, 2024

The decision to hold a CAG audit was taken by the Union home ministry in 2015 following rampant complaints of corruption and violations in online and offline lottery by major players, including Martin. "The marketing agents (MA) have cornered 98.60% of sale proceeds of lotteries while the state could receive a meagre 1.40% of sale proceeds, during the audit period 2010-2016," the C&AG report stated.

CAG’s 2017 Report Pointed Out Serious Irregularities by Martin

The Comptroller and Audit General of India (CAG) in 2017 had flagged serious irregularities by marketing agents, including Future Gaming and Hotel Services owned by lottery king Santiago Martin, in its 40-page report submitted before Parliament.

Future Gaming and Hotel Services is one of the biggest buyers of electoral bonds worth ₹1,368 crore in the recently released data on electoral bonds by the Election Commission of India (ECI).

The decision to hold a CAG audit was taken by the Union home ministry in 2015 following rampant complaints of corruption and violations in online and offline lottery by major players, including Martin. "The marketing agents (MA) have cornered 98.60% of sale proceeds of lotteries while the state could receive a meagre 1.40% of sale proceeds, during the audit period 2010-2016," the C&AG report stated.

In its report titled 'Performance Audit on Sikkim State Lotteries', the C&AG noted, "The award of marketing contract of the state's lotteries to various lottery MAs was characterised by lack of transparency, frequent extensions of contract without competitive bidding and considerable delay in finalisation of tenders that led to huge loss of revenue to the state. The operations of lottery business were fully controlled and conducted by the private operators called MA."

Besides Sikkim, Martin operated in Punjab, Manipur, Meghalaya, Nagaland and was involved in lottery scams in Tamil Nadu, Andhra Pradesh, Bihar, Jharkhand, said officials familiar with his dealings.

The report further noted that the home ministry in August 2011 gave directions to all the principal secretaries of state governments in whose territory lottery tickets were sold "to duly be informed of marketing arrangements established by the organising state and give them all details of persons, firms involved in selling, distribution, printing of lotteries."

The home ministry directions also sought "to ensure that the persons, firms involved in selling, distribution, printing of lotteries do not violate any provision of the Act". The ministry advised that officers of states and Centre should meet every few months so that any issues relating to lotteries are mutually resolved, it stated.

According to reports of the central agencies, Martin's lottery empire in the states is estimated to be worth ₹40,000 crore while he also dabbles in real estate, media, construction, software and technology, pharma, energy. His foundation's website mentions him as "founder & chairman of the Martin Group of Companies". "The story of his life is one that epitomizes the success of a man who built nothing, into an empire," it says. <https://economictimes.indiatimes.com/news/india/cags-2017-report-pointed-out-serious-irregularities-by-martin/articleshow/108569003.cms?from=mdr>

12. Two RP-Sanjiv Goenka firms flagged by CAG for rigging coal auction among top 20 electoral bond donors: Report (deccanherald.com) March 16, 2024

Haldia Energy bought electoral bonds worth over Rs 370 crore, which made it the fourth-largest donor, the publication noted.

In the first-ever coal block auction in the history of India, the central government had denied West Bengal the right to bid for an 83-million-tonne coal block, The Reporters' Collective has revealed.

The publication further stated that when the Comptroller and Auditor General (CAG), the country's top auditor, flagged the issue to the central government, the latter acknowledged that the Bengal government was eligible to bid for the coal block in question, but continued to defend the auction process. The Reporters' Collective claims that this has been proven by the official documents that it has come across. Also Read: From labourer to 'Lottery King': The rise of Santiago Martin, leading purchaser of electoral bonds

Together, the two companies in question donated electoral bonds worth a total of Rs 485 crore to political parties whose identities are still unknown. The electoral bonds scheme, which permitted unlimited contributions to political parties through such bonds, was declared unlawful by the Supreme Court last month.

A couple of days before the auction of the 83-million-tonne Sarisatolli coal block, a shell firm was acquired by two companies belonging to the RP Sanjiv Goenka Group, which was made to face off against Calcutta Electricity Supply Corporation (CESC) and Haldia Energy—both belonging to the RPSG group. This meant that three among the five bidders for the mine belonged to the RPSG Group.

Haldia Energy bought electoral bonds worth over Rs 370 crore, which made it the fourth-largest donor, the publication noted.

The CESC and another RPSG firm, Dhariwal Infrastructure, acquired the shell company that took part in the bidding.

The CAG had kept the names of these companies under the wraps in the report regarding rigged biddings it had sent to the Parliament in 2016. The publication claimed that it was only when it accessed the CAG's internal documents, that such details finally came to light.

TRC quoted the government saying regarding the CAG report, “In case of Sarisatolli coal mine 5 bidders were technically qualified and after opening of the IPO (Initial Price Offer), these 5 bidders qualified for participation in e-auction. The total number of bids submitted in the e-auction of Sarisatolli coal mine was 167.”

"Thus, there was enough competition in the process, despite rejection of WBPDCCL," the central government further added.

Unconvinced with the government's response, the CAG had said, “MoC (Ministry of Coal) has reiterated their reply to the Audit observation made in the Audit Report and has not given any clarification to the Audit rebuttal to the reply of MoC, as given in the Audit Report.” <https://www.deccanherald.com/india/two-rp-sanjiv-goenka-firms-flagged-by-cag-for-rigging-coal-auction-among-top-20-electoral-bond-donors-report-2939523>

STATES NEWS ITEMS

13. CAG alert on unacceptable pollution of Kshipra River in Madhya Pradesh (*newindianexpress.com*) 16 Mar 2024

A performance audit conducted by the Comptroller and Auditor General of India (CAG) on the degradation of the river, covering 2016-17 to 2020-21, threw up a host of significant findings.

The Puranas say River Kshipra originated from the heart of Varaha, which was Lord Vishnu's incarnation as a boar. The sacred river, which runs through parts of western Madhya Pradesh, including Ujjain, has witnessed significant degradation in its water

quality over the years and has lost its perennial flow, running dry five to six months every year.

A performance audit conducted by the Comptroller and Auditor General of India (CAG) on the degradation of the river, covering 2016-17 to 2020-21, threw up a host of significant findings. It was perhaps the first performance audit conducted by the CAG on a river's degradation in the entire central India. The audit based on problem-oriented approach started with the formulation of hypotheses about the probable causes and consequences. The hypotheses were tested during the field audit.

The two main hypotheses were that the river remained polluted even after multiple interventions of the state agencies and the natural flow the river reduced due to improper management and over extraction of ground water in the Kshipra sub-basin. Three departments were audited and information collected from 11 departments for the audit. The two prime hypotheses were divided into five sub-major and 22 minor hypotheses. The five sub-major hypotheses about the possible causes and consequences, included merging of untreated sewage in the river, inadequate treatment of industrial waste, pollution at riverbanks adversely affecting the water quality of the Kshipra and its two tributaries Kahn and Gambhir rivers, drastic reduction in the river water flow and decreasing ground water in the sub-basin affecting the flow of the Kshipra. The audit whose report was recently tabled before the MP Vidhan Sabha, concluded that sewage treatment plants (STPs) were not constructed by urban local bodies (ULBs) keeping in view future demands, while the sewerage network too didn't cover the entire geographical area.

Even the sewerage network and STP related works were not completed as per timelines and the concerned ULBs lacked sound systems for disposal of faecal sludge. Some STPs were working on older technologies and the provision of reuse of the treated effluents was also not created by the ULBs.

The audit also revealed that the MP Pollution Control Board (MPPCB) belatedly granted consent to industries adjacent to the river basin. Earlier, the industries were operating without consent, but no action was taken against them. Some of the units had not even submitted online discharge monitoring reports/monthly testing reports to the Board.

Also, many industries either ran without effluent treatment plants (ETP) or were not equipped with alternative sources of power. Further, a proper mechanism for ensuring compliance of zero liquid discharge status wasn't available and just 4% of the selected industries were actually found to be equipped with water meters. Audit also found deficient action against industries even though they violated provisions of the Water Act. Parameters of iron, cadmium, nickel and lead were beyond the permissible limit in the ground water of Dewas industrial area, but action against the defaulting industries wasn't taken. The audit also revealed that guidelines regarding regulations in flood plain zones (FPZ) were not issued by the Nagar Nigams and encroachments were observed in the FPZ of Kahn and Kshipra rivers. Even the River Front Development work wasn't executed properly. Planning for plantations was ineffective, plantation work was doubtful and reporting of plantations and selection of sites wasn't correct.

Further, provision for providing water in lean season into the Kshipra river was made but not implemented, which meant that environmental flow in lean season couldn't be achieved. The audit prominently pointed out that the government had completely deviated from the earlier aim of transforming the river into a perennial river by infusing Narmada river water into the Kshipra through the Narmada Kshipra Simhastha Link project.

However, with the new CM of Madhya Pradesh, Dr Mohan Yadav hailing from Ujjain, the government is now taking up the cause of Kshipra and its tributaries in a more proactive manner.

Yadav recently reviewed the water resources department's works pertaining to purging of Kshipra river and its tributaries. He directed that polluted water of Kahn river emanating from Indore (country's cleanest city) be strictly stopped from mixing in the Kshipra. He also directed that the water treatment process should start from Dharampuri in Dhar district (Kshipra rises from north of Dhar district) and the treated water be utilised for irrigating agricultural fields. Yadav further instructed the installation of treatment plants, which are in line with water rise in the command area of the Kshipra river. With the next Simhastha fair slated to be held in Ujjain in 2028, the CM issued directions to build better ghats, particularly small ghats to ensure that agricultural land isn't affected. <https://www.newindianexpress.com/xplore/2024/Mar/16/cag-alert-on-unacceptable-pollution-ofkshipra-river-in-madhya-pradesh-2>

14. Provide health cover to NREGA workers: Panel (*timesofindia.indiatimes.com*) Mar 18, 2024

Chandigarh: To ease the burden of rising expenses of medical care for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) workers, the Punjab Vidhan Sabha Committee has strongly recommended implementing mandatory health insurance coverage for all the workers under the scheme in the state.

This measure aims to alleviate the financial burden associated with medical expenses for MGNREGA workers, who are poorly paid.

The current wage rate for unskilled labour under MGNREGA in Punjab stands at Rs 303 per day, which is lower than that in the neighbouring state of Haryana. Workers in Haryana receive Rs 357 per day under the same scheme. This disparity underscores the need for measures to address the financial challenges faced by MGNREGA workers in Punjab.

The committee on Panchayati Raj Institutions, formed by Punjab Vidhan Sabha in response to the findings of the Comptroller and Auditor General (CAG) of India regarding the performance audit of MGNREGA in Punjab, highlighted the significant challenge faced by MGNREGA daily wagers/beneficiaries in coping with soaring medical expenses. The committee observed a concerning trend of medical treatment costs escalating, posing a severe burden on these individuals. The report of the committee was tabled during the budget session, which concluded on March 15.

Recognising the incapability of MGNREGA daily wagers to cope up with rising medical expenses, the committee has proposed a mandatory insurance subscription for

all beneficiaries working under the MGNREGA and not voluntary enrolment. To facilitate this, the committee has recommended that the department should enrol them in various government insurance schemes such as Jan Shree Bima Yojna, Rashtriya Swasthya Bima Yojna, Jan Swasthya Bima Yojna, or Jan Jeevan Bima Yojna.

In response to the concerns raised by the CAG regarding lapses in the preparation of assessments, the committee has directed the department to conduct thorough door-to-door surveys annually. This initiative aims to ensure that deserving beneficiaries are identified and able to avail themselves of the scheme's benefits effectively. No one should be employed for more than 100 days. Regarding the audit findings of unauthorised payments to deceased workers, the committee has advised the department to issue clear instructions that in the event of a worker's death, the next person listed on the job card should assume their position. The committee emphasised the importance of strict adherence to these instructions and called for swift and stringent action against any official found violating them. It has been suggested to maintain proper records of attendance at all workplaces to enhance transparency and accountability. To enhance efficiency in project execution and minimise delays in completing the work, the committee advised the department to ensure that payments are tied to the percentage of completion of the tasks.

It suggested initiating payment of 25% before commencing the work, followed by an additional 25% upon reaching the halfway mark of completion and continuing in a similar manner after that. This structured approach aims to incentivise timely progress and improve overall project management. Besides that, all pending works must be completed within specified time frames, and to ensure accountability and progress tracking, quarterly progress reports should be requested from the workplaces. Regular inspections of the work sites should be conducted to monitor progress and ensure quality standards are maintained.

To ensure proper planning and allocation of resources, the committee mandates that work estimates be prepared and sanctioned before the commencement of any project or work, regardless of whether it pertains to the MGNREGA scheme or any other scheme. <https://timesofindia.indiatimes.com/city/chandigarh/mgnrega-workers-health-insurance-recommendation-in-punjab/articleshow/108571529.cms>

15. No MCG nod for installing ads, 46 companies served notices (*timesofindia.indiatimes.com*) March 16, 2024

Gurgaon: MCG has served recovery notices to 46 private companies that have allegedly installed advertisements in the city without seeking the civic body's approval. The corporation has also lodged police complaints against 36 unauthorised advertisers who caused revenue loss to public exchequer.

The corporation misses out on advertisement revenue if agencies don't get the approval or pay fee.

MCG generated an income of Rs 54 crore from advertisement this fiscal year against the set target of Rs 85 crore.

“If advertisers don’t deposit the ad fee and the penalty imposed on them, their properties will be seized. A special campaign will be held to recover advertisement fee from such companies till March 31 to augment revenue in this fiscal year,” MCG commissioner Narhari Singh Bangar said in a meeting held recently.

According to the data, MCG suffered a loss of Rs 71.2 crore from 2018 to 2023 as it could not auction 233 sites identified for displaying advertisements. The figures were revealed in an audit carried out by the principal accountant general (audit) for MCG’s advertising wing.

According to the report released in July last year, 69 of the 233 proposed ad sites were for unipole format.

From these 69 sites, the civic body missed out on a revenue of Rs 48.7 crore. <https://timesofindia.indiatimes.com/city/gurgaon/mcg-nod-controversy-recovery-notices-revenue-loss-details/articleshow/108534904.cms>

SELECTED NEWS ITEMS/ARTICLES FOR READING

16. Electoral bonds — Elusive quest for ideal solutions (*thehindubusinessline.com*) Updated - March 17, 2024

The ‘either this, or that’ approach in matters of public policy can leave everyone worse off

On electoral bonds, the optimal solution would have been to let them continue without the anonymity promise. They would have either died a natural death or become transparent.

The electoral bonds disclosures tell us who bought how much and who received how much. But they don’t tell us who gave how much to whom.

It’s possible that the same buyer gave to many parties depending on business needs. That’s simple hedging.

The more important question is what has been achieved by this episode. The Supreme Court has said it is the right of the voter to know who has funded which political party. That hasn’t happened, at least not so far.

On the other hand it has succeeded in reverting to political funding as a cash only exercise and in making the government renege on the promise of anonymity of donors. The moral dimensions of eBay will be discussed for a long time.

It’s hard to say, therefore, if we are better off now. It doesn’t look as though we are. Indeed, reverting to cash only means we are worse off.

And the reason for this mixed outcome is the failure of the Court to apply the reasonable principle enunciated by a 19th century Italian engineer turned economist called Vilfredo Pareto. The Pareto principle says that a change, or a move, from situation A to situation B is an improvement if and only if it leaves at least one person better off and no one

worse off. Because of the ‘if and only if’ condition, it is a very hard condition to fulfil and never used.

That’s why economists have developed less strict versions of it. But while these have found theoretical acceptance, in practice they are rarely used because it’s nearly impossible to assign values to welfare gains and losses.

Pareto v Supreme Court

This is the precise problem now with the Supreme Court order. We now have the perverse outcome which economics anticipated 175 years ago. In lay terms it meant that the best can be the enemy of the good and societies should choose sensibly.

But it looks as if now, for a few weeks at least, the country can bask in the dim glow of vicarious and vacuous morality. This has happened time and again in India — the Bofors gun whose induction was delayed, the A320 aircraft grounding, spectrum sales and coal block allocations, to name just a few.

In each case, good decisions have been sabotaged by unbending moralists on the one hand and unscrupulous politicians on the other. The moralists get carried away because the politicians blow wind into their sails. It’s the perfect lose-lose outcome.

These mistakes are eventually corrected but not before the country has paid a huge price. The least the Supreme Court could have done to avoid this cost was to make its order about anonymity prospective.

Alongside this it could have directed the government to tweak the electoral bonds scheme by imposing a lower profit line for donation limits. That way we would have come closer to the requirements laid down by Pareto.

It is now written in stone that voters have a right to know who is funding the political parties. That cannot be faulted. But surely it must also be asked if this will actually happen in a better way now. It would be a huge surprise if it did.

Corner solution problem

Economics has also developed a concept called corner solutions. It’s about the way things are bought or consumed — in combinations or just the one thing. It’s like drinking only soda or only whiskey.

This is exactly the problem with many judicial pronouncements on public policy. They often have no combinations of welfare. It’s always either this or that.

Thus, either the PMLA is all okay or none of it is okay. The Supreme Court said it was okay. But with the electoral bonds it says it’s not okay.

Both are non-combinatorial solutions. You either put the baby in dirty bath water or throw out both. Is this binary approach good for society, or country, or whatever group one talks about.

Corner solutions exist in mathematics also and judiciaries the world over unwittingly use that method. This consists of laying down hard boundaries of, or for, what is permissible.

These are simple yes/no solutions that don't allow for any middle ground. They are needed but not always. The normal rules of moral conduct end up hindering.

Thus, where the electoral bonds are concerned, the optimal solution would have been to let them continue without the anonymity promise. They would have either died a natural death or become transparent.

I can only conclude this article by recalling what the late Mrinal Dutta-Chaudhary, professor at the Delhi School of Economics, pointed out. Reform, he said, is an art and an essential part of governance. But seeking ideal solutions is not only futile, it also leaves everyone worse off. <https://www.thehindubusinessline.com/opinion/electoral-bonds-elusive-quest-for-ideal-solutions/article67961926.ece>

17. Making farming profitable (*financialexpress.com*) March 18, 2024

Unlocking the potential of high-value farming requires approaching it differently

Let us start with a simple question: which state do you think is most productive in terms of value creation in agriculture on per hectare (ha) basis? If Punjab comes to your mind, you could be very much off the mark. Punjab, known for its high physical productivity of rice and wheat, falls at number 13 amongst Indian states when it comes to agri-value created, i.e., agri-GDP on per ha basis. There could be at least two ways to estimate it. First, divide state agri-GDP by Net Sown Area (NSA); and second, divide agri-GDP by Gross Cropped Area (GCA), which encompasses the effect of cropping intensity. Here we use both indicators for the year 2021-22, for which the latest information is available.

When we look at agri-GDP/ha of NSA, Andhra Pradesh (AP) leads the pack with Rs 6.43 lakh/ha, followed closely by West Bengal (WB) with Rs 5.19 lakh/ha, Tamil Nadu (TN) with Rs 5.14 lakh/ha, and so on. In contrast, Punjab stands 13th in ranking with Rs 3.71 lakh/ha, trailing even behind Jharkhand (Rs 4.41 lakh/ha). The disparity becomes starker when we consider agri-GDP/ha of GCA. In this regard, even Bihar with Rs 2.18 lakh/ha, Odisha with Rs 2.57 lakh/ha, and Assam with Rs 2.34 lakh/ha outpace Punjab with Rs 1.92 lakh/ha (see infographic).

Punjab, caught up in the rice-wheat system induced by the MSP regime and open-ended procurement, along with free power and highly subsidised fertilisers, failed to diversify to high value agriculture. This is despite repeated reminders by the Johl Committee report in 1986, and again in 2002. Today, 84% of Punjab's GCA is under wheat and rice, leading to 76% of its blocks over-exploited in terms of groundwater.

Punjab and Haryana desperately need a new deal to switch away from rice cultivation. Just to save these from ecological disaster, a minimum of 1.5 million hectare (Mha) of rice area (out of about 4.5 Mha) needs to be shifted to pulses, oilseeds, and even maize for poultry and ethanol, and fruits and vegetables. For this to happen, crop-neutral incentive structures need to be created. What this means is that the growers of these

alternative crops must be rewarded about Rs 25,000/ha when they switch from paddy to these crops, as that is the minimum savings from power and fertiliser subsidy. This package towards sustainable cropping patterns needs to be devised by the Centre and states together.

But if farmers' incomes have to be augmented substantially, Punjab and Haryana have plenty of lessons to learn from states who have already diversified into high value agriculture. In this context, it is interesting to note that an Andhra farmer creates 74% more value in agriculture than a Punjabi farmer on per ha of NSA. How did that happen? The answer lies in high-value inland fisheries. With 24% of its agriculture value added (AGVA) attributed to fisheries, AP leads the nation in fish production, contributing 30% to its national output. It is this proficiency in cultivating high-value shrimp that boosts their profitability. This success story of AP serves as a compelling example for Punjab and Haryana, if they want to switch from rice-wheat rotation.

Tamil Nadu sets a high bar for fruit cultivation, with mangoes and bananas comprising over 80% of its fruit production in 2020-21. This success translates into a 39% higher value creation in agriculture compared to their counterparts in Punjab. It is a clear signpost for Punjabi farmers' higher income aspirations. But it is not just about diversifying into horticulture; it is also about embracing innovative agricultural practices. For example, TN farmers practice Ultra High-Density Plantation (UHDP) for mangoes. This method allows 674 mango trees per acre compared to the traditional method of 40. This translates to a significant increase in yield and profits. This technique of UHDP, being promoted by Jain Irrigation, leads to significant water savings (up to 50%) and fertiliser savings (up to 30%), further enhancing profitability.

West Bengal, a state with only 2% agriculture power consumption in 2021-22, creates 40% more value than Punjab, which gets free power for agriculture. WB cultivates vegetables on 15% (1.5 Mha) of its GCA of 10.2 Mha. The central government's recognition of this success is evident in the establishment of an Agri-Export Zone (AEZ) dedicated to vegetables in WB, encompassing three key districts: Nadia, Murshidabad, and North 24 Parganas. Year-round production of a variety of vegetables makes cropping intensity so high (199%) in WB. The state has successfully transitioned from a "production-oriented" model to a more strategic "market-driven" system. This focus on market demands is reflected in their impressive production figures for vegetables like brinjal (2.9 MMT), cabbage (2.3 MMT), cauliflower (1.9 MMT), and potato (15.1 MMT) in 2020-21 (Horticulture Statistics). Emulating West Bengal's model necessitates identifying Punjab's own AEZs for horticulture.

Punjab's dairy sector, contributing 28% to its Gross Value agri-Output (GVO) in 2019-20, highlights its growth potential. This presents a golden opportunity for Punjab to capitalise on its existing dairy strength by venturing into value-added processing, from cheese to chocolates, for Indian and export markets.

The path towards revitalising Indian agriculture and boosting farmers' incomes requires moving beyond traditional staples. Punjab-Haryana need to embrace a demand-driven high value agricultural system, if they truly want their farmers to be prosperous. This would require shedding the mindset of an MSP-based cropping system.

<https://www.financialexpress.com/opinion/making-farming-profitable/3427962/>

18. Let's reform India's bankruptcy code but without getting in the way of commerce (*livemint.com*) 18 Mar 2024

To reform the IBC, the government should create a separate and new cadre of policy experts who can evaluate fault-lines based on what the evidence shows.

There's a case to tweak the IBC. But India should take care to oil the wheels of business and not throw in a spanner.

The Standing Committee on Finance recently made some crucial observations on the workings of the Insolvency and Bankruptcy Code (IBC). The overarching concern is that the very purpose behind its enactment has been stifled by problems which have cropped up in recent years. While most of the panel's observations ring true, some seem rhetorical and without reason or evidence. It may be true that young insolvency professionals (IPs) may not be capable of handling big cases, but there is demand for both young and experienced IPs, especially in a country where small and medium-sized businesses abound. As for whether they have added value to the insolvency ecosystem, the proof is in the pudding. During my tenure at the Indian Institute of Corporate Affairs where I spearheaded the graduate insolvency programme, its graduates obtained 100% placement with leading firms. Some of them let go of job offers to start their own enterprises and their journey so far affirms the idea of having a young cadre of IPs.

The committee's concern over court capacity seems to have been addressed. The ministry of corporate affairs has filled most of the vacancies at the National Company Law Tribunal (NCLT), bringing its total strength to 57 out of the sanctioned 63 members, which is close to 90%.

The Indian government has also agreed to expand the NCLT by adding 100 members. The challenge from here onwards will be to find members with the relevant expertise. Most NCLT members have little experience in dealing with commercial matters and commercial laws have their own *raison d'être* that requires knowledge of economics and a deep understanding of how markets work.

Further, cases such as *Bank of Maharashtra vs Newtech Promoters and Developers Pvt Ltd* show an emerging form of court jurisprudence under which the financial health of a corporate debtor seems to be a criterion for the rejection of an insolvency application under Section 7 of the IBC. This approach was not envisaged in the Code's design. If lawmakers wanted a business's financial health as a criterion for denying the admission of an insolvency petition, they would have kept a balance-sheet test within the Act's legislative design.

Also, every insolvency case has an impact on the rights of third parties, and the concept of equity works differently in matters of commerce. Importantly, the law's framework has scope for the withdrawal of an insolvency petition under Section 12A of the Code. This makes space for a corporate debtor to come to the compromise table under judicial oversight. As much as we may disagree with the decisions of creditors, their wisdom should not be questioned. What could be done, however, is to nudge them to consider the interests of other stakeholders while they evaluate a revival plan, although this is something that should be enabled by the legislature through law and not be done by courts.

Courts should remind themselves of the case of *Salomon vs Salomon & Co Ltd*, where although Salomon used the company to defraud creditors, a rigid construct of company law was adopted to establish a century-old principle that a corporation is a separate juristic personality, a distinction that gave rise to the legal structure of modern businesses. In these early years of the IBC in India, courts should give effect to the letter of the law so that the Code gets firmed up.

Now, turning to a crucial question, what should the government do when it considers how to reform the IBC? Foremost, it should create a separate and new cadre of policy experts who can evaluate fault-lines based on what the evidence shows. Second, this time, the government should adopt an evidence-based approach before making any amendments to the Code.

For disciplining errant IPs, we need stricter gatekeeping, which can be achieved by toughening the insolvency exam. Once candidates become IPs, there should be checks and balances within the system to monitor any suspicious activity by these professionals.

The regulator can evolve a two-stage process. It can examine cases internally to see if there is prima facie merit in the allegations before initiating disciplinary proceedings as the second stage. In the event that misconduct is established, the punishment should be harsh, as with serious white-collar crimes, so that such conduct could be deterred.

While making any amendments to the IBC, both regulators and the legislature should be cautious not to create any regulatory cholesterol. It is always useful to remind ourselves that in financial regulation, less may be more. It is worth noting what an outstanding judge of an English commercial court had said: "We are here to help businessmen, not to hinder them; we are there to give effect to their transactions, not to frustrate them; we are there to oil the wheels of commerce, not to put a spanner in the works, or even grit in the oil." Thus, the aim of both the law and the courts should be to oil the wheels of commerce and not throw a spanner in it. New India needs businesses to drive its economy, and businesses, in turn, need legal certainty.

<https://www.livemint.com/opinion/online-views/lets-reform-india-s-bankruptcy-code-but-without-getting-in-the-way-of-commerce-11710675074004.html>