In the Hindu epic Mahabharata, Yudhishthira is the ideal man who never lies. But when the Pandavas need to kill their guru Dronacharya, Yudhishthira tells him that Ashwathama had died in the battle—Yudhishthira muttered ‘the elephant’ under his breath, the shattered guru who thinks his son Ashwathama is dead then surrenders and the Pandavas kill him. The Ashwathama story is pretty much what’s happening in the investigations in the 2G case and the response of the ministry of corporate affairs (MCA).

While probing companies like Loop Telecom and Swan Telecom, the CBI asked MCA if they were ‘associate’ companies of Essar group companies and Reliance Telecom Ltd (RTL) respectively since, under the law, they would be banned from applying for telecom licences. Even though RTL had contributed R1,002.79 crore in Swan against R98.22 crore held by majority owner Tiger Traders, the MCA ruled they were not associates. The MCA, in a sense, supported RTL which maintained that it only has a 9.9% equity stake in the company.

MCA has now decided it will define what an ‘associate’ is, FE reported on Monday, but the manner in which this is being done is strange. MCA plans to follow the definition used in Accounting Standards 18, where a 20% voting right is proof of being an ‘associate’. By this definition, neither Swan nor Loop can be considered to be ‘associates’ even though the amount of money put in by RTL into Swan would normally lead one to the conclusion the firms were ‘associates’. As various experts have pointed out, firms can be controlled with less than 20% voting rights. Surely, if the MCA is trying to clean up things, it needs to do this in a more comprehensive manner. And who can dispute that putting money into a company is the surest definition of control?