

Protesters, police clash in Kolkata; BJP calls bandh

POLITY AND GOVERNANCE



Violence erupted in Howrah and Kolkata during the “March to Nabanna,” where protesters demanded West Bengal Chief Minister Mamata Banerjee's resignation over the rape and murder of a doctor at R.G. Kar Medical College and Hospital. The police and protesters clashed for hours, with the police using water cannons and tear gas to disperse the crowd. Despite the violence, protesters were kept 100 meters away from the State Secretariat, Nabanna. The protest, organized by the Paschimbango Chhatro Samaj, led the BJP to call for a 12-hour

bandh on Wednesday to protest against the police action. Governor C.V. Ananda Bose condemned the police's actions, calling them an insult to the nation. Meanwhile, the State government announced measures to ensure normalcy on Wednesday and urged people not to participate in the bandh.

West Bengal government officials urged all employees to attend work and assured that transport services would operate normally despite the BJP's call for a 12-hour bandh on Wednesday. The government accused the BJP of calling the bandh to disrupt economic activities after the party's alleged attempt to incite violence during the “March to Nabanna” protest failed. The violence began in Howrah, where protesters tried to breach barricades, and spread to areas like Howrah Bridge and M.G. Road. The police used tear gas and baton charges to control the crowd, which included elderly people and women, some of whom threw stones and carried the national flag. Violent confrontations also occurred in Kolkata near Hastings and Vidyasagar Setu. According to Additional Director General Supratim Sarkar, protesters rampaged for three hours, leading to the detention of 25 people overnight and the arrest of 126 others. He noted that 15 police personnel were injured, but the police exercised restraint to prevent further escalation.



SC stays AYUSH Ministry's notification

POLITY AND GOVERNANCE



The intention of the May 7 order was to enforce Rule 170. Now, in view of this omission, any manufacturer can with impunity go around advertising its drugs

JUSTICE SANDEEP MEHTA

The Supreme Court has stayed a July 1 notification by the AYUSH Ministry that omitted Rule 170 of the Drugs and Cosmetics Rules, 1945. This rule allows action against misleading advertisements for Ayurvedic, Siddha, and Unani drugs. A Supreme Court bench, including Justices Kohli and Mehta, noted that the July 1 notification from the AYUSH Ministry contradicted a

May 7 order related to a contempt case against Patanjali Ayurved, co-founded by Baba Ramdev that involved misleading drug advertisements.

Earlier, on May 7, the court had ordered the Ministry to withdraw an August 29, 2023, letter informing state and union territory drug licensing authorities that Rule 170 was no longer in effect, based on a recommendation from the Ayurvedic, Siddha, and Unani Drugs Technical Advisory Board (ASUDTAB). The Ministry had initially agreed to comply with the court's order.

Despite a May 7 Supreme Court order to enforce Rule 170 of the Drugs and Cosmetics Rules, 1945, the AYUSH Ministry issued a July 1 notification that did not reinstate the rule or withdraw an earlier letter from August 2023 indicating the rule was no longer in effect. Justice Mehta emphasized that the court's intention was to enforce Rule 170 to prevent unregulated drug advertising. When the Ministry's representative, Mr. Nataraj, suggested filing an affidavit to explain, Justice Kohli expressed dissatisfaction, indicating the court might quash the notification immediately for violating its earlier directive. The court noted that the Ministry's actions contradicted the court's instructions to maintain Rule 170.

Additionally, the court found an apology published by Indian Medical Association (IMA) President R.V. Asokan in 20 editions of The Hindu to be illegible due to its small font size. The court took issue with Dr. Asokan's comments about a Supreme Court order during a media interview. It directed Dr. Asokan's counsel to submit legible copies of the published apology for review within a week.

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Coordinated attacks

INTERNATIONAL RELATIONS

Pakistan Prime Minister Shehbaz Sharif condemned recent terrorist attacks in Balochistan that killed at least 37 people. He reaffirmed his government's commitment to eradicating terrorism and emphasized that the sacrifices of Pakistanis and the Armed Forces will not be in vain. Sharif stated that dialogue is open for those who support Pakistan and its Constitution but excluded talks with terrorists and enemies.

The Prime Minister identified the Tehreek-e-Taliban Pakistan (TTP), operating from Afghanistan, as responsible for the attacks and noted that the Afghan government has been informed about this issue. In response, Pakistan's security forces conducted operations in the Khyber tribal district, neutralizing 25 terrorists, including a top commander, and injuring 11 others.

Since the Taliban regained control of Kabul in August 2021, supported by Pakistan's security forces, Pakistan has faced an increase in terrorist attacks, particularly in the provinces of Balochistan and Khyber Pakhtunkhwa. In 2023, over 650 attacks were recorded, with 23 % in Balochistan, a region known for separatist insurgency. On the eighteenth anniversary of Baloch nationalist leader Nawab Akbar Bugti's death, Baloch separatists launched coordinated attacks across Balochistan, making it one of the bloodiest days for the province and Pakistan. The Baloch Liberation Army claimed responsibility, targeting infrastructure and executing migrant workers from Punjab. These widespread attacks highlighted the growing reach and strength of the insurgency, catching Pakistan's military and intelligence off guard.

Pakistan has historically used a militaristic approach to address the Baloch separatist issue, neglecting the province despite its natural resources. This neglect has left Balochistan impoverished, in contrast to the politically and economically prosperous Punjab, leading to anti-Punjab sentiments among the Baloch. Separatists have exploited these grievances, accusing the federal government of exploiting Balochistan's resources without benefiting the local economy. They have targeted projects like the China-Pakistan Economic Corridor and Chinese interests, seeing them as symbols of exploitation. Pakistan's failure to engage with Baloch civil rights movements, such as the Baloch Yakjehti Committee, and branding activists as enemies have left the state reliant on force, which has only fuelled the separatist movement. To achieve stability in Balochistan, Pakistan needs to address local development concerns, halt human rights abuses, and engage with peaceful civil rights advocates to improve relations with the Baloch people.

Reasonable limits

INTERNATIONAL RELATIONS

The Universal Declaration of Human Rights acknowledges that free speech is not absolute and can be restricted for public order, morals, and health. Pavel Durov, founder and CEO of Telegram, has built a reputation for promoting absolute free speech on his platform, often defying governments by supporting dissidents. However, his recent arrest by French authorities for alleged criminal activities on Telegram, including extremism, drug dealing, scamming, and child pornography, raises questions about whether this move was intended to suppress online freedom of expression. Durov argues that privacy should take precedence, even at the risk of negative consequences. The debate centres on whether the pursuit of absolute free speech can justify neglecting responsibilities that safeguard public safety and freedom. This question is crucial for messaging platforms and figures like Durov, who advocate for unregulated free speech.

Telegram functions as both a messaging app and a social networking platform, providing encryption

that facilitates use by dissidents and anti-state actors. However, unlike apps like Signal, Telegram does not fully implement end-to-end encryption, allowing it to read certain messages related to criminal activity and potentially act on law enforcement requests. Following Pavel Durov's arrest, Telegram claimed its moderation aligns with industry standards and questioned its liability for the misuse of its platform. Nevertheless, if France's investigations show that Telegram intentionally ignored requests to curb criminal content, hate speech, or disinformation, Durov could face legal consequences. The example of WhatsApp in India, which added restrictions to curb misinformation, illustrates the importance of responsible moderation. To continue advocating for free speech, Telegram must avoid absolute free speech principles and adopt more stringent content moderation practices.

After phone call with Biden, Modi discusses Ukraine trip with Putin

INTERNATIONAL RELATIONS



Indian Prime Minister Narendra Modi recently returned from Ukraine, where he met with Ukrainian President Volodymyr Zelenskyy. Modi briefed U.S. President Joseph Biden about his visit and later spoke with Russian President Vladimir Putin, sharing insights from his trip.

Modi's interactions with both leaders have led to speculation that India might be working on a peace initiative to facilitate talks between Russia and Ukraine.

However, this has not been officially confirmed by the Indian government. During his call with Putin, Modi emphasized the importance of dialogue and diplomacy for resolving the Russia-Ukraine conflict. The Russian Ministry of Foreign Affairs noted that Modi stressed a political and diplomatic resolution, while Putin provided his perspective on the conflict and discussed economic agreements with India.

U.S. Response

The White House commended Modi for his visits to Poland and Ukraine and for promoting peace and humanitarian support for Ukraine. The U.S. statement did not mention an Indian peace proposal but affirmed support for a resolution based on international law. Indian officials have not confirmed whether Modi's diplomatic efforts include mediating between Moscow and Kyiv.

Himachal makes 21 the minimum age of marriage for women

POLITY AND GOVERNANCE

The Himachal Pradesh Assembly on Tuesday passed a Bill increasing the minimum age of marriage for women from 18 to 21 in order to support gender equality and higher education. The Prohibition of Child Marriage (Himachal Pradesh Amendment) Bill, 2024, was introduced by Women Empowerment Minister Dhani Ram Shandil in the Assembly during its ongoing Monsoon Session. The Bill was passed by a voice vote. The Bill states the Prohibition of Child Marriage Act, 2006 was enacted to prohibit solemnisation of child marriage and matters related to it.

IIL, Australian varsity develop needle-free COVID-19 vaccine

SCIENCE AND TECHNOLOGY

The Hyderabad-headquartered vaccine manufacturer Indian Immunologicals Ltd (IIL), in partnership with Griffith University, Australia has developed a needle-free intranasal booster vaccine against SARS-CoV-2. A live-attenuated booster has been developed using “codon de-optimisation” technology.

The codon de-optimisation involves decreasing the frequency of under-represented codon pairs (genetic determinants for amino acids) without changing the amino acid sequences. This method is an efficient virus attenuation strategy, where the degree of attenuation can be regulated as required. It is extremely safe and takes less time than the conventional way of attenuating viruses, which usually takes several years. This accomplishment signifies a major step forward in our battle against COVID-19.

Union Health Minister J.P. Nadda told the Lok Sabha earlier this month that two strains, namely KP.1 and KP.2, were responsible for the recent surge in COVID-19 cases in India. The strains evolved from the JN1 Omicron variant and were highly transmissible, and while there has been no associated increase in hospitalisations or severe cases reported thus far, both strains are being monitored. As of December 2023, a total of 220.67 Cr. COVID-19 vaccine doses have been administered across the country. However, only 22.88 Cr. precautionary or booster doses have been administered across the country among the eligible adult population.

‘India-Brazil strategic partnership deepened and diversified over years’

INTERNATIONAL RELATIONS



Indian External Affairs Minister S. Jaishankar highlighted the deepened and diversified strategic partnership between India and Brazil, covering areas such as defence, space, security, technology, and people-to-people relations.

Joint Commission Meeting

At the ninth India-Brazil Joint Commission Meeting (JCM) in Delhi, Jaishankar congratulated Brazil for its successful G-20 presidency and the release of the first Ministerial consensus document. He expressed India's full support for Brazil's G-20 presidency and noted the support

Brazil had provided during India's G-20 presidency.

Upcoming G-20 Summit

Brazilian Foreign Minister Mauro Vieira mentioned that Brazilian President Luiz Inácio Lula da Silva looks forward to welcoming Indian Prime Minister Narendra Modi at the G-20 Summit in Rio de Janeiro in November.

Bilateral Trade and Cooperation

Jaishankar acknowledged the growth in bilateral trade between India and Brazil but also noted some recent challenges that will be discussed with Vieira. Vieira emphasized that both nations, as vibrant democracies, share common views on global issues and work towards sustainable development and prosperity. Both ministers expressed optimism about the ongoing partnership and cooperation between the two countries.

CDSCO grants approval for making RT-PCR testing kits to detect Mpox in India

SCIENCE AND TECHNOLOGY

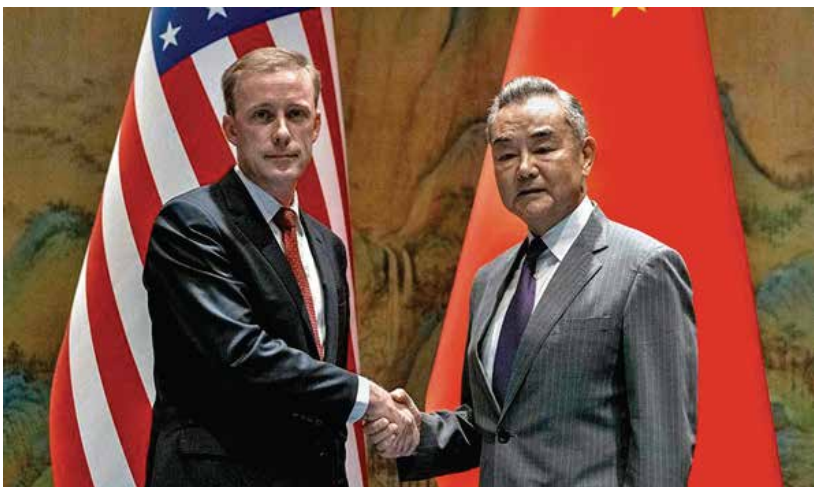
The Central Drugs Standard Control Organisation has granted approval to Siemens Healthineers for the manufacture of RT-PCR testing kits for detection of Mpox. The kits will be manufactured by the company's molecular diagnostics manufacturing unit in Vadodara, with a production capacity of one million a year.

The IMDX Monkeypox Detection RT-PCR Assay is a molecular diagnostic test that targets two distinct regions in the viral genome, spanning both clade I and clade II variants of the virus. This ensures thorough detection across various viral strains, providing comprehensive results. This assay is platform-agnostic and seamlessly fits into existing lab workflows with standard PCR setups, eliminating the need for new instruments. The ability to use existing COVID testing infrastructure would enhance the efficiency. With the RT-PCR kits, the test results will be available in 40 minutes, which is significantly faster than traditional methods. This will help reduce the turnaround time for reporting, leading to quicker responses.

The Union Health Ministry has approved a new assay kit, which has been clinically validated by the Indian Council of Medical Research-National Institute of Virology, Pune. The kit has demonstrated 100% sensitivity and specificity.

U.S. and China working to avoid conflict, says Sullivan

INTERNATIONAL RELATIONS



U.S. National Security Adviser Jake Sullivan and Wang Yi, a senior Chinese foreign policy official, are meeting over two days in a scenic area near Beijing to discuss the strained U.S.-China relationship. Sullivan emphasized President Biden's commitment to managing the U.S.-China relationship responsibly to prevent conflict.

Future Prospects

No major announcements are anticipated from these talks, but they could set the stage for a potential final summit between President Biden and Chinese

leader Xi Jinping before Biden's term ends in January. Wang Yi highlighted the importance of maintaining mutual respect, peaceful coexistence, and win-win cooperation as the relationship has faced numerous challenges in recent years.



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Advancing equity, from COVID-19 to Mpox

SCIENCE AND TECHNOLOGY

Less than five years after the COVID-19 pandemic, the world faces the threat of another global health crisis. The World Health Organization (WHO) has, once again, declared mpox (formerly known as monkeypox) a Public Health Emergency of International Concern (PHEIC), following its outbreak in the Democratic Republic of the Congo (DRC), Africa, and subsequently spreading to over a dozen African countries. This comes on the heels of the Africa Centres for Disease Control and Prevention's (AfricaCDC) declaration of a Public Health Emergency of Continental Security (PHECS), marking the first instance where both regional and global health emergencies have been declared concurrently for the same disease. In the days following the PHEIC declaration, cases of mpox were identified in Sweden, Pakistan and the Philippines, indicating that the virus has likely spread beyond the African continent.

This WHO declaration is significant as it is the first PHEIC announced since the May 2024 amendments to the International Health Regulations (IHR). And of all the IHR reforms, the inclusion of equity as a core principle was perhaps the most important. Although these amendments will not take effect until 2025, it is crucial that the global response to the mpox outbreak is grounded in this principle from the outset. Those amendments further expand WHO's role as a facilitator of essential medical products during emergencies.

A PHEIC is intended to foster international cooperation. Countries, international organisations, and non-governmental organisations must collaborate to coordinate their responses, share information, and provide mutual assistance. The declaration should trigger the rapid mobilisation of financial and technical resources, including emergency funding, deployment of trained health-care workers, and provision of medical supplies.

Mirroring the COVID-19 pandemic response

One of the most glaring shortcomings exposed by the COVID-19 pandemic was the inadequacy of vaccine manufacturing capabilities in the Global South, exacerbated by the lack of technology transfers and the know-how to produce vaccines developed in the West. So far, the global response to the mpox outbreak appears to be following a similar trajectory.

However, the present response to mpox differs significantly from COVID-19 in one key aspect: the availability of a vaccine. The Modified Vaccinia Ankara-Bavarian Nordic (MVA-BN), also known as Jynneos, is already in production by Danish manufacturer Bavarian Nordic. This vaccine, produced using primary chick embryo fibroblast (CEF) cell cultures, shares its production process with several other vaccines, including those for measles, mumps, rabies, and tick-borne encephalitis. Regulatory authorities in the European Union and United Kingdom (marketed as Imvanex®), United States and Switzerland (marketed as Jynneos®), and Canada (marketed as Imvamune®) have already approved the vaccine. The mpox outbreak presents an opportunity to apply lessons from the COVID-19 pandemic by ramping up vaccine production in the Global South, and leveraging the existing MVA-BN vaccine. Indian manufacturers, in particular, have the potential to play a critical role in ensuring equitable access to this vaccine, ensuring it reaches the populations that need it the most, at the right time. Indeed, India was a critical partner during COVID-19, facilitating the mass production of the vaccine largely credited with saving the most lives — Oxford/AstraZeneca's vaccine marketed in India as Covishield.

Ensuring technology transfers

As countries closely monitor the mpox outbreak, the demand for vaccines is expected to surge. The

AfricaCDC estimates that 10 million doses are needed to stem the outbreak, yet only about 0.21 million doses may be available immediately. Bavarian Nordic has informed the AfricaCDC that it has the capacity to manufacture 10 million doses by the end of 2025. The price of an mpox shot has been estimated at \$100. This underscores the need for sustainable, low-cost production of the MVA-BN vaccine. India is well-positioned to meet this challenge. Three major vaccine manufacturers — the Serum Institute of India, Bharat Biotech, and Zydus Cadila — already have the experience of producing vaccines using CEF cells. Notably, the Serum Institute of India and Bharat Biotech played pivotal roles in both the national and global responses to the COVID-19 pandemic.

These manufacturers likely have the expertise to quickly scale up MVA production in CEF cells. Additionally, they may already have established supply chains for key materials, such as SPF eggs, which could be leveraged to expand production. The lower cost structure of manufacturers in lower-middle-income countries (LMICs) could also reduce the price of vaccines, increasing demand and making doses more accessible.

Rapidly scaling up MVA-BN production will require comprehensive technology transfer, including the sharing of biological resources, know-how, and patents. Often overlooked, the transfer of the relevant know-how is crucial and has historically been a major hurdle in outbreak responses. It is the sharing of knowledge, rather than just doses, that distinguishes charity from justice. Writing on the key contentious issues in the ongoing negotiations for the WHO Pandemic Treaty in this daily (Editorial page, “The global struggle for a pandemic treaty”, August 1, 2024), these writers argued that technology transfers “are needed to ensure diverse manufacturing capacities globally so that LMICs are no longer reliant on ‘charity’ from high-income countries and can maintain self-sufficiency”.

The Indian government, along with regulators, should collaborate with the United States, the European Union, and key international organisations such as WHO, Gavi, and the Coalition for Epidemic Preparedness Innovations (CEPI), to negotiate with Bavarian Nordic for the transfer of technology. By leveraging the expertise and the experiences of these organisations and working with manufacturers in developing countries, these efforts can help scale low-cost production and ensure equitable access to the MVA-BN vaccine, thereby curtailing the epidemic and preventing further outbreaks. That would benefit countries both in the Global North and South.

A move with impact

In a recent significant move, on August 7, India’s drug regulatory agency, the Central Drugs Standard Control Organization (CDSCO), waived the requirement for clinical trials in India for drugs approved in the United States, the United Kingdom, Japan, Australia, Canada, and the European Union. This waiver, which includes ‘new drugs used in pandemic situations,’ will expedite the availability of critical vaccines such as MVA-BN in the country.

In the face of the mpox outbreak, the global community has a critical opportunity to demonstrate its commitment to equitable prevention and health care by ensuring widespread access to a mpox vaccine, targeted to those most in need. By fostering international cooperation, prioritising technology transfers, and leveraging the manufacturing capabilities of countries such as India, we can not only address the current crisis but also strengthen our preparedness for future public health emergencies. The time to act is now, before history repeats itself.



“If you invest more in your education, then you are likely to get more interest in it.”

–Benjamin Franklin

On SEBI chairperson's conflicts of interests

POLITY AND GOVERNANCE



It has been over two weeks since a Hindenburg Research report revealed serious conflicts of interests vis-a-vis the chairperson of the Securities and Exchange Board of India (SEBI). Two separate responses to the report were issued on August 11 — an unsigned statement from SEBI and a joint statement issued by Madhabi and Dhaval Buch. These statements in effect confirmed the veracity of Hindenburg's revelations, casting more doubts over the regulator's integrity. As the appointing authority of SEBI's whole-time members, the Central government owes

explanations to all stakeholders.

Did the government know?

The first conflict of interest revealed by Hindenburg relates to an investment worth \$8,72,762 (over ₹5.6 crore at the 2015 exchange rate) made by Madhabi and Dhaval Buch in Bermuda based Global Dynamic Opportunities Fund [GDOF Cell 90 (IPEplus Fund 1)] through Mumbai-headquartered IIFL Wealth & Asset Management Limited (now renamed 360 One).

Madhabi and Dhaval Buch's joint statement confirms the investment made in 2015 and clarifies that it was driven by the fund's Chief Investment Officer (CIO), Anil Ahuja, who was "Dhaval's childhood friend from school and IIT Delhi and, being an ex-employee of Citibank, J.P. Morgan and 3i Group plc, had many decades of a strong investing career". The statement says that the investment was redeemed in 2018 when Anil Ahuja left his position as CIO of the fund. The joint statement, however, fails to mention that Anil Ahuja also served as a director of Adani Enterprises Limited when that investment was made, and remained in that position until May 31, 2017. An email revealed by Hindenburg shows that it was Madhabi Buch who sent the redemption request to GDOF on behalf of Dhaval Buch on February 25, 2018, when she was already a whole-time member of SEBI (appointed on April 5, 2017).

Therefore, two obvious questions arise: first, was Madhabi Buch's investment in an offshore fund operated by a director of Adani Enterprises disclosed to the Central government prior to her appointment as a whole-time member of SEBI? Second, did her shareholding in the offshore fund after her appointment in April 2017, till its redemption in February 2018, have the approval of the Board? The Central government must clarify this.

Relevance to the Adani Group probe

The Hindenburg revelations are of vital consequence to the ongoing SEBI investigation into the Adani group companies as well as the Supreme Court order of January 3, 2024. While ruling that the investigation into the Adani group companies did not warrant a transfer from SEBI to a Special Investigation Team (SIT) or the CBI, the Supreme Court had held that the "threshold for such a transfer of investigation has not been demonstrated to exist". The Supreme Court appointed Expert Committee had elaborated in its report on how the SEBI (Foreign Portfolio Investors) Regulations, 2014 were diluted in 2018 and 2019 to enable the concealment of "ultimate beneficial owners" of offshore funds. The Expert Committee demonstrated that these regulatory amendments made it difficult to establish

the ultimate beneficial owners of the 13 offshore funds that were suspected by SEBI for being fronts of the Adani promoter group.

The funds under the SEBI investigation include the Emerging India Focus Funds and EM Resurgent Fund, which were managed by IIFL Wealth & Asset Management Limited (360 One), as revealed by the Organized Crime and Corruption Reporting Project (OCCRP). Was the Expert Committee made aware of Madhabi Buch's investment in such an opaque offshore fund through IIFL Wealth & Asset Management Limited (360 One), which was also managed by a director of Adani Enterprises, even after joining SEBI as a whole-time member? This evident conflict of interest remained unreported in the Expert Committee report as well as the top court order.

Moreover, SEBI had approved the acquisition of Ambuja Cements and ACC by the Adani group in August 2022 during Madhabi Buch's tenure as chairperson. In response to a RTI query in April 2023, SEBI disclosed that its chairperson had a meeting with the Adani group Chairman on August 11, 2022 at the SEBI headquarters to "discuss open offer applications of Ambuja Cements and ACC". There was a second meeting between the two on October 3, 2022 on an unspecified agenda.

The Adani group disclosed on August 23, 2022 that the acquirer of the controlling stakes in these cement companies was a Mauritius based company whose ultimate beneficial owner was Vinod Adani, establishing him as part of the promoter group. Despite this, the Adani group has continued to maintain that Vinod Adani is not a "related party" when it comes to the suspicious transactions in Adani shares by FPIs or offshore funds linked to him.

This obfuscation by the Adani group was enabled by successive amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) since 2018, redefining "related party" and "related party transactions". While the Expert Committee flagged the LODR amendments as regulatory dilutions, SEBI's approval of the Adani group's acquisitions of Ambuja Cements and ACC acquisitions was never examined.

SEBI's investigation into the violation of promoter shareholding regulations by listed Adani group companies had started in October 2020. Despite the Supreme Court prodding it to complete the probe by April 2024, SEBI's statement on August 11, 2024 describes the probe status as "close to completion". In the light of the SEBI chairperson's conflict of interests, it not only appears to be a "glaring, wilful and deliberate inaction" on the part of the regulator but a calculated cover up operation. This warrants a transfer of the investigation to a SIT or the CBI. The role of the current SEBI chairperson and IIFL Wealth & Asset Management Limited (360 One) in all investigative matters related to the Adani group companies since 2018 also needs to be brought under the probe's ambit.

Other conflicts

Hindenburg has also raised concerns over the SEBI chairperson's shareholding in two consulting companies, namely India-based Agora Advisory and Singapore-based Agora Partners. Madhabi and Dhaval Buch's clarification that these companies "became immediately dormant on her appointment with SEBI", is prima facie false. The statement itself makes the self-contradictory claim that "after Dhaval retired from Unilever in 2019, he started his own consultancy practice through these companies" which allowed him to "work with prominent clients in the Indian industry".

Madhabi Puri Buch had served as a whole time member of SEBI between April, 2017 and October, 2021 and was subsequently appointed as its chairperson in March 2022. Documents from India's Corporate Affairs Ministry show Ms. Buch as the owner of 99% shares of Agora Advisory Private Limited as on March 31, 2024. This private company, active as on date, made over ₹3.6 crore in revenues between 2017 and 2024. The SEBI chairperson, who was a whole-time board member since 2017, has continued to occupy another office of profit, in violation of SEBI's "Code on Conflict of Interests for

Members of Board” (Section 5.1). This not only makes her position as SEBI chairperson untenable but also implicates the entire Board along with its appointing authority, for allowing such subversion of its own code of conduct. There should be an immediate disclosure of all the clients of the Agora Advisory Private Limited and Agora Partners and a probe into probable quid pro quo.

Hindenburg has also revealed that Dhaval Buch’s current employer, multinational private equity firm Blackstone, directly benefited from the SEBI chairperson’s aggressive promotion and regulatory decisions vis-a-vis Real Estate Investment Funds (REITs). In response, SEBI states that “the claim that promoting REITs...among various other asset classes by SEBI was only for benefiting one large multinational financial conglomerate, is inappropriate”.

Thus, there is neither a denial of SEBI chairperson’s promotion of REITs nor of the fact that her husband’s employer, Blackstone, made thousands of crores in profit through three out of four REIT IPOs, that have been approved by SEBI till date. The Securities and Exchange Board of India Act, 1992 mandates SEBI to protect the interests of the investors, and promote the development of and regulate the securities market. Promoting individual asset classes like REITs is not a function of SEBI, as defined under the laws. Rather, such favouritism towards a specific asset class by SEBI chairperson, particularly when her spouse is employed in a major player benefiting from such preferential treatment, amounts to a possible violation of the Securities and Exchange Board of India (Terms and Conditions of Service of Chairman and Members) Rules, 1992.

The SEBI Rules prohibit the chairperson or whole-time members to have any financial or other interests which are likely to prejudicially affect their functioning.

What next?

The conflicts of interests vis-a-vis the SEBI chairperson are borne out through her own statements and actions, which is why SEBI’s citation of Hindenburg’s own conflict of interest in the matter as a short-seller in order to undermine the latter’s revelations, does not hold much water. They must be addressed systemically in order to restore the regulator’s credibility.

There has been a surge in retail investor participation in the Indian securities market in the past few years. The latest Economic Survey estimated that around 20% of Indian households may now be channelling their household savings into the financial markets. A compromised securities market regulator only enhances the risks to their financial security and overall financial stability.

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