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## CHINA SENDING FM TO INDIA FOR G-20 MEETING; FIRST HIGH-PROFILE VISIT IN A YEAR



*China on Tuesday announced the visit of its Foreign Minister Qin Gang to India for this week's G-20 meeting, the first such high-level visit from the country in almost one year.*

Mr. Qin, at the invitation of India's External Affairs Minister S. Jaishankar, will attend the G-20 Foreign Ministers' meeting in New Delhi on March 2, a statement from China's Foreign Ministry said.

"In a world fraught with uncertainties and struggling to reboot the economy, countries have much to do to overcome the challenges to deliver on the 2030 Agenda for Sustainable Development," Foreign Ministry spokesperson Mao Ning said.

"As the premier forum for international cooperation, it is important that the G20 focuses on challenges on the global economy and development, and plays a bigger role in driving the global economic recovery and global development. China stands ready to work with all parties to ensure that the G20 Foreign Ministers' meeting will send a positive signal on multilateralism, food and energy security and development cooperation."

While the focus of Mr. Qin's visit is the G-20 meet, it also marks the first high-level visit from China to India since March 2022.

Last week also saw the first visit by a top Indian official to China in more than three years. Joint Secretary (East Asia) in the Ministry of External Affairs (MEA), Shilpak Ambule held talks in Beijing with senior Chinese border officials and also met with Chinese Assistant Foreign Minister Hua Chunying.

The 26th meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) in Beijing marked the first such talks held in-person since July 2019.

Bilateral exchanges have been stalled since early 2020. Ties between the neighbours have also been plunged into tensions following China's mobilisation of troops and multiple transgressions across the Line of Actual Control starting in April 2020.

## Q3 GDP GROWTH SLOWS TO 4.4%, PAST DATA UPGRADED

### Growth slows

Quarterly economic growth slowed to 4.4% in the past three months of 2022, as weaker global demand and high inflation weigh on India.



■ Quarterly data showed GDP growth down from 6.3% in the September quarter after consumption weakened following India's festive season

■ But the National Statistics Office's full-year forecast

for the year ending March 31 remained unchanged at 7%, ranking India's economic outlook above every other major country



Source: AFP, CMIE

*The NSO also estimated 2022-23 gross domestic product expansion at 7%, compared with an upwardly revised growth of 9.1% in 2021-22; manufacturing continued to shrink, at a slower pace*

India's GDP growth slowed to 4.4% in the October-December 2022 quarter, from 6.3% in the second quarter (Q2) of 2022-23 as per the National Statistical Office (NSO), which retained its full-year growth estimate for the economy at 7%, despite revising the preceding fiscal's GDP growth figure 40 basis points higher to 9.1%.

The NSO also revised the GDP contraction numbers for the COVID-hit year of 2020-21, pegging the overall hit to the economy that year at -5.7% as per Second Revised Estimates, significantly narrower than its first provisional estimate of a 7.3% contraction.

The Gross Value Added (GVA) in the economy grew 4.6%

in the third quarter (Q3) of 2022-23, slower than 5.5% in Q2.

Manufacturing continued to shrink for the second quarter, albeit at a slower pace of 1.1% compared with Q2's 3.6% contraction.

### Negative surprise

Economists termed the manufacturing sector's persistent slack a negative surprise that brought Q3 growth levels lower than their projections. Chief Economic Adviser V. Anantha Nageswaran, however, asserted that the 4.4% GDP growth print is "also because of the revisions made to the previous years when the base has gone up".

"The growth momentum has carried... it is the base effect that has given us a 4.4% [rate]. Since the data is not seasonally adjusted, quarter-on-quarter

growth trends should be interpreted with care," he averred, adding that the economy's momentum seemed strong and stable and "there is nothing to suggest that we won't be able to get" to 7% real GDP growth in 2022-23.

ICRA's Aditi Nayar said the fact that the NSO had persisted with the 7% growth hopes for this year as projected in early January, implied that GDP growth would improve to 5.1% in the ongoing final quarter of the year, which was higher than "current expectations". While acknowledging the math, the CEA pointed out that even if the 4.4% growth rate of Q3 persisted in the January-March period (Q4), the full-year growth rate would still be about 6.8%.

"The second advance estimates for 2022-23 have retained the overall annual growth at 7% but revised [up] the external sector contribution to this overall growth, which was counterbalanced by a fall in the domestic demand components, especially in private and government consumption expenditure," said D.K. Srivastava, chief policy advisor at EY India. "Thus, domestic demand appears to have weakened relative to the earlier estimate," he added. Cumulatively, the first nine months of 2022-23 have now reported a GVA uptick of 7.2% compared with 10.7% in the same period of 2021-22, while GDP is estimated to have risen 7.7% compared with 11.1% in April to December 2021.

### Sharp revisions

Following the data revisions for the past two years, the cumulated average real GDP growth rate over the period 2019-20 to 2022-23 is 3.2%, Mr. Srivastava said. "From a long-term viewpoint, COVID has caused a reduction of nearly 4 percentage points as compared to the potential growth of 7%," he noted. Overall GVA growth in Q1 has been revised lower from the 12.7% reckoned earlier to 12.1%, while the Q2 GVA uptick has been pared marginally from 5.6% estimated earlier to 5.5%. GDP growth for the first quarter of 2022-23 has been revised down to 13.2% from 13.5% estimated earlier, but Q2 GDP growth estimates have been left unchanged. Manufacturing and Mining GVA contractions for Q2 have been upgraded by the NSO from its earlier estimates of a 4.3% and 2.8% shrinkage in the two sectors, respectively. Agriculture GVA growth, on the other hand, has been downgraded sharply for Q1 as well as Q2. Thanks to the revisions, Q3 Mining and quarrying GVA recovered from a 0.4% contraction in Q2 to grow 3.7% in Q3, while Agriculture, Forestry and Fishing GVA accelerated to 3.7%, the fastest pace of growth this year. Rajani Sinha, CARE Ratings' chief economist, expressed greater concern about the fall in India's investment to GDP ratio to around 32 in Q3 from 34 in Q2, and said it is critical that domestic demand should accelerate in the months ahead as external demand conditions remain weak.

## NEW DELHI WELCOMES FOREIGN MINISTERS FOR G-20 MEETING AMID NEGOTIATIONS OVER AGENDA



*Key discussions: External Affairs Minister S. Jaishankar meets Mauritius Foreign Minister Alan Ganoo ahead of the G-20 Foreign Ministers' Meeting, on Tuesday. ANI*

Negotiators began in-person negotiations in Delhi ahead of the G-20 Foreign Ministers' Meeting (FMM), as the government prepared to welcome Foreign Ministers and delegations from more than 30 countries on Wednesday, who will attend the inaugural dinner.

The negotiations, held online last week, were led on Monday evening by G-20 Sous-Sherpa Abhay Thakur and his counterparts from the G-20 countries and the invitee countries to discuss the agenda and the ongoing issues over a joint communique given the divide over the Ukraine war.

### Two sessions

The FMM on Thursday will see discussions divided into two sessions, before and after lunch. While the first session will focus on the themes of

Strengthening Multilateralism and Need for Reforms, Food and Energy Security and Development Cooperation, the second will focus on Counter-Terrorism: New and Emerging threats, Global Skill Mapping and Talent Pool, and Humanitarian Assistance and Disaster Relief. Officials and diplomats said a joint statement remains elusive given the deep divisions between the Russia-China combine and the G-7 western countries-led grouping. However, they said there will be a greater push for a joint statement closer to the final G-20 summit in Delhi in September.

Government sources, however, rejected criticism that the failure of negotiators to forge a joint statement at the G-20 Finance Ministers and Central Bank Governors' meeting in Bengaluru last week reflected badly on India, given that last year's Bali Summit had forged a consensus.

"India's considered and balanced position contributed in forging the Bali Declaration. In particular, the Prime Minister's statement that this is not an era of war found great resonance. Our endeavour was to reflect the Bali consensus in the G-20 Finance Ministers' Meeting, [as] expressed in the Chair's Summary and Outcome Document. Therefore any criticism is misplaced and factually inaccurate," sources said.

### Invitees arriving

Officials pointed out that while the pre-FMM dinner in Indonesia was boycotted last year by the G-7 countries in protest against the presence of Russian Foreign Minister Sergei Lavrov, they are hoping that many of the invitees will attend this year's "Networking Reception and Conversation over Dinner" event.

While Mr. Lavrov landed on Tuesday evening, Chinese Foreign Minister Qin Gang, Australian Foreign Minister Penny Wong, U.K. Foreign Secretary James Cleverly, European Union High Representative/Vice-President Josep Borrell and Foreign Minister of Brazil Mauro Vieira are arriving in Delhi in time for the dinner. U.S. Secretary of State Antony Blinken, German Foreign Minister Annalena Baerbock are among those likely to arrive overnight after the dinner, but in time for the FMM formal sessions to be held at the Rashtrapati Bhavan grounds on Thursday.

## LEGISLATOR FACING DISQUALIFICATION CAN'T ATTEND FLOOR TEST: SC

Allowing an MP or an MLA who is facing disqualification under the anti-defection law to participate in a floor test caused by his own doings will defeat the very purpose of the Tenth Schedule, Chief Justice of India D.Y. Chandrachud, heading a Constitution Bench, said on Tuesday.

Permitting a legislator, whose actions caused a split in the party and who is liable to be disqualified for defection, to attend a trust vote would amount to "legitimising" a "constitutional sin", Chief Justice Chandrachud addressed Maharashtra Chief Minister Eknath Shinde's side, led by senior advocate Neeraj

Kishan Kaul.

"On the one hand, you say somebody who defects, causes a split within the party, is liable to be disqualified... At the same time, you say that even if that person is liable to be disqualified, in the meantime, he can participate in the trust vote in the House..." Chief Justice Chandrachud told Mr. Kaul. The court asked whether a legislator who is the very reason for unsettling the ruling government can benefit from a subsequent floor test, which is the product of his actions.

"If the antecedent reasons for a floor test is based on the violation of the proscriptions in the Tenth Schedule, then holding the floor test will defeat the very basis and purpose of the Tenth Schedule... You are legitimising a defection which is otherwise not permissible under the Tenth Schedule," Chief Justice Chandrachud noted.

The court is hearing the dispute between Mr. Shinde and former Maharashtra Chief Minister Uddhav Thackeray. Disqualification proceedings against Mr. Shinde and his faction under the Tenth Schedule are still pending before the Maharashtra Assembly Speaker.

## RBI'S NEW PILOT PROJECT ON COIN VENDING MACHINES

*How will QR-code based coin vending machines function? What has the Deputy Governor of the Reserve Bank of India said with respect to coin supply in the country?*

### The story so far:

RBI Governor Shaktikanta Das had stated during the last Monetary Policy Committee (MPC) address that the apex banking regulator, in collaboration with banks, would be launching a pilot project to assess the functioning of a QR-code based coin vending machine.

### What is the project about?

In simple words, the vending machines would dispense coins with the requisite amount being debited from the customer's account using United Payments Interface (UPI) instead of physical tendering of banknotes. Customers would be endowed the option of withdrawing coins in required quantities and denominations. The central idea here is to ease the accessibility to coins.

On the supply side of things, T. Rabi Shankar, Deputy Governor at the Reserve Bank of India (RBI) had stated that the situation with respect to coins was "peculiar" with the supply being "very high". "It is taking up a lot of storage space and it is not getting properly distributed. At the same time, there is demand in pockets," added the Deputy Governor.

The proposed mechanism for coin dispensation would be a departure from the conventional machines which relied on banknotes for facilitating coin exchanges. Further, the proposed machine would eliminate the need for physical tendering of banknotes and their authentication. It was observed that the currency being fed into the machines (for coin exchange) were often found to be fake and could not be checked right at that point of time. Thus, the mandate to eliminate the physical tendering of banknotes. The pilot is initially planned to be rolled out at 19 locations in 12 cities across the country. With particular focus on ease and accessibility, the machines are intended to be installed at public

places such as railway stations, shopping mall and marketplaces.

### Are coins significant in our ecosystem?

As per the latest RBI bulletin, the total value of circulation of rupee coins stood at ₹28,857 crore as of December 30 last year. The figure is an increase of 7.2% from the year-ago period. Circulation of small coins remained unchanged at ₹743 crore. For perspective, coins in India are issued in denominations of 50 paise, one rupee, two rupees, five rupees, ten rupees and twenty rupees. Coins of up to 50 paise are called 'small coins' while those of one rupee and above are called 'rupee coins'.

The figures above could be compared to the volume of digital payments until December 2022 which stood at approximately ₹9,557.4 crore, as per the Digidhan Dashboard. The number is inclusive of mobile banking, internet banking, IMPS, BHIM-UPI and NEFT, among others. The reliance on UPI for dispensing coins is particularly noteworthy and it must be recalled that the payments interface for feature phones was launched in March last year. The apex regulator is also in the midst of a pilot for the Central Bank Digital Currency (CBDC).

### Is it going against the digital push?

According to Vipul Kharbanda, non-resident fellow at the Centre for Internet and Society (CIS) the proposal should not be viewed as a "zero-sum game of digital versus cash." The two can easily supplement each other. "This should not be looked at from a very dogmatic point of view rather a pragmatic one. If digitalisation is not solving a particular problem at this given point of time, then it is very much within RBI's purview to use other means available to achieve its ultimate objective that is to operate the currency system of the country," Mr. Kharbanda argues.

## CORE SECTOR OUTPUT ROSE TO A 10-MONTH HIGH IN JANUARY

### Steady core

Output growth in the core sector, which makes up 40% of the Index of Industrial Production, hit a four-month high in January



■ Fertiliser led gains with a 17.9% YoY expansion; coal output rose 13.4%, electricity production increased 12%

■ Seven of eight sectors posted growth for second straight month, crude oil output shrank yet again

■ Steel, cement posted 6.2% and 4.6% output growth, respectively, the slowest pace in three months

*Output across the eight infrastructure sectors expanded by 7.8%, accelerating from December's 7% YoY increase; double-digit growth in electricity and coal suggested steady industrial momentum*

Output growth in India's eight core sectors hit a four-month high of 7.8% in January, quickening from 7% in December 2022, led by a sharp 17.9% year-on-year uptick in fertiliser production and double-digit expansions in coal mining and electricity generation.

The overall Index of Core Industries, which constitutes about 40% of the Index of Industrial Production (IIP), rose to its highest level in 10 months, with production rising 2.9% sequentially from December. Core sectors' output had grown 4% in January 2022.

For the second successive month, all core infrastructure sectors except crude oil, registered growth in output from a year earlier. Steel and cement production grew 6.2% and 4.6%, respectively. However, this was the slowest growth in three months for both sectors.

"The 13.4% growth in coal and 12% rise in electricity is indicative of steady industrial activity during the month," said Madan Sabnavis, chief economist at Bank of Baroda. "Higher power demand is also associated with high growth in... services."

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## UNENDING ORDEAL

*Religious polarisation can be reversed through democratic processes*

The death of Kashmiri Pandit and bank guard Sanjay Sharma at the hands of terrorist gunmen in Pulwama is yet another murder in a series of attacks on the minority community in the Valley. Sharma is the second Pandit to fall to terrorism in the Pulwama area after Janki Nath's death in 1990 at the peak of militancy. While the murder could be a deliberate ploy by terrorists to strike fear into the minority community in the area, it also signals the failure of security agencies to adequately protect the poor residents. The modus operandi of the radical elements who are targeting civilians has always been clear — the attacks are meant to invite state retaliation and repression, in turn fomenting discontent and disaffection to garner more recruits to the cause. On Tuesday, after follow-up operations that resulted in the death of an Army jawan and two militants, security forces have asserted that Sharma's attacker has now been slain. But this does little to mitigate the fear that has gripped Pandits in the Valley and Pulwama in particular. Last year, militant attacks resulted in the deaths of 29 civilians including three local Pandits, three other Hindus and eight non-local labourers and also caused the migration of 5,500 Pandit employees from the Valley.

All political parties including the separatists such as Hurriyat Conference, besides civil society organisations have condemned the attacks, but the repeated and brazen nature of the killings, at one level, point to a breakdown of relations between the administration and the citizenry, leading to the inability of the administration to anticipate and prevent such attacks. The fact that areas that were relatively safe for the minority community even during the peak of militancy have now become unsafe suggests that the administration must rethink its security-centric policies in the Valley. The Union Territory administration and the Union government have claimed that hard-edged moves such as the dilution of Article 370 and bifurcating the State in 2019 have helped curb militancy and were necessary to bring back normalcy in the Valley. But the repeated attacks on the minority community suggest otherwise — radical sections have sought to utilise the disaffection in the Valley to foment polarisation. Only an effective government by elected representatives of the people of the Valley can do more to rebuild trust between the administration and the citizenry. This will help isolate the radical sections and ease the workload of the security forces in Kashmir. Restoring statehood to Jammu and Kashmir and working towards the conduct of Assembly elections are now a clear imperative.

## BORDER TROUBLES

*The Windsor framework is a positive step in the ties between U.K. and the EU*

United Kingdom Prime Minister Rishi Sunak and European Commission President Ursula von der Leyen have announced a new deal to repair post-Brexit difficulties in Northern Ireland, also paving the way for better modalities for cooperation between London and Brussels. The new deal, labelled the "Windsor framework", seeks to address the disruptions to trade between Northern Ireland and the rest of the U.K. caused by the Northern Ireland Protocol, which was agreed as part of Brexit. Under the Protocol, Northern Ireland would remain a part of the EU's single market for goods and operate under EU customs rules, which would be implemented by creating a customs border between Northern Ireland and the U.K. Even while the Protocol was being hammered out in 2019, this raised concerns among some Unionists, including members of the Democratic Unionist Party (DUP), who have since protested this arrangement by refusing to participate in the political institutions of the 'Good Friday Agreement', which brought peace to Ireland following decades of violence. Under the new deal, free trade will be preserved by setting up green and red lanes. In theory this would lead to better availability of British goods in Northern Ireland markets, including medicines and some foods.

This arrangement, Mr. Sunak said, would protect Northern Ireland's

place in the Union and restore its people's sovereignty. However, the Windsor framework is far from established as a working arrangement. Mr. Sunak is likely to face a backlash from some hard-line Brexiters within his party, for what some see as the continuing wide applicability of EU customs rules in Northern Ireland. Of concern is the 'Stormont brake', an emergency measure that would allow Northern Ireland's devolved government to expediently halt any new EU laws from being imposed on the province — a measure that nonetheless the government in Westminster retains the right to veto. Which way the scale tips within Northern Ireland — in terms of its pro- or anti-EU customs rules — will come down to the balance of power between Unionists and Republicans in the province. Nevertheless, as a pragmatic compromise with the EU, this post-Brexit agreement perhaps has gone the farthest of any such plan by the U.K. Conservatives to arrive at a formula that could work on the ground while upholding London's obligations under the withdrawal agreement. Even more than the specifics of how potential wrinkles on the Irish front are ironed out, the close cooperation that led to the Windsor framework will be heralded as the start of a positive phase in the otherwise wary mood that has pervaded the U.K.-EU relationship in recent years.

## A THUMBS DOWN FOR THE 'ADOPT A HERITAGE' SCHEME

*Nachiket Chanchani is an Associate Professor of South Asian Art and Visual Culture at the University of Michigan, Ann Arbor, U.S*

Private firms, companies, and public sector units can enter into agreements with the Union Ministry of Culture to adopt and maintain State-owned archaeological sites or monuments. Businesses that enter such agreements are going to be known as Monument Mitras. The central government is eager that this scheme, which began in February, leads to the adoption of 500 protected sites by August 15, and the adoption of another 500 sites shortly thereafter. This number represents a tenfold increase in the number of sites being brought under the ambit of the controversial 'Adopt a Heritage' scheme of 2017. Unless the 'revamped' scheme is suspended, the nation's precious pluralistic heritage stands at the threshold of obliteration.

### The perils ahead

Under the purportedly overhauled 'Adopt a Heritage' scheme, businesses may use their Corporate Social Responsibility funds at select sites to construct and maintain ticket offices, restaurants, museums, interpretation centres, toilets, and walkways. They may dramatically illuminate monuments, set up guided tours, hold cultural programmes, and fix equipment for light and sound shows. Some of these activities appear to be progressive measures aimed at improving visitor services and amenities. However, scrutiny establishes perils.

To begin, just as permitting a watch company without expertise in bridge engineering to maintain a colonial-era bridge in Morbi, Gujarat, possibly contributed to heart-wrenching tragedy, so too giving businesses, rather than trained professionals, a chance to build museums and interpretation centres and develop their content threatens India's understanding of its own past. The current plan also sidelines the mandate of the Archaeological Survey of India

(ASI) and abandons The Sarnath Initiative, guidelines devised by the ASI, the Getty Trust, U.S., the British Museum, and National Culture Fund to safe keep excavated objects and present them to visitors in an engaging manner.

Second, many monuments selected for the scheme — including the stupas at Sanchi, the Brihadeshwar temple in Thanjavur, and Akbar's palace city at Fatehpur Sikri — already have tourist infrastructure. What is driving the need for new ticket offices and gift shops?

Further, is it acceptable to let businesses occupy prime public land and build their own brands — another provision of the 'Adopt a Heritage' scheme at the cost of further diminishing grounds around iconic monuments? These grounds are valuable spaces. If excavations are carried out in them, then they may lead to the discovery of antiquities that can offer clues into the historical context of monuments. Primarily for this reason, new construction in these areas has hitherto been prohibited.

Another danger of implementing the 'Adopt a Heritage' scheme is that it will undermine local communities and their relationships with historical sites. Guided tours led by employees of large businesses who have received permission to adopt a monument may endanger livelihoods of those who have lived near the site and made a living by regaling visitors with stories of its colourful past. The potential of big businesses to underwrite a monument's illumination is also troubling. Keeping these spots open from dawn to dusk has limited footfall and thus preserved them from excessive wear and tear. Night tourism will also pull electricity away from rural homesteads and hospitals.

Many monuments selected for the 'Adopt a Heritage' scheme are on ASI lists and are therefore protected by the just named central agency. Others

chosen for the scheme are protected by the Archaeology Directorate of the State that they are located in. However, there are some monuments selected for the scheme that are not protected by the ASI and are in States without Archaeology Directorates. One fears that businesses that sign agreements with the Union Ministry of Culture to adopt these monuments will be able to alter their historical character without much opposition.

Implementing the scheme holds forth another danger: what will happen to monuments not adopted by Monument Mitras in the predetermined time frame? According to media reports, the Uttar Pradesh government has started turning over such monuments to the Tourism Department to convert them into hotels. They include Chunar Fort, a citadel overlooking Barwasagar Lake, and several residences built by Awadh's Nawabs. The U.P. government's decision confirms that despite now being housed under the Ministry of Culture rather than the Ministry of Tourism, the scheme is continuing to place reckless tourism and corporate interests over historical preservation. These two Ministries have long been entwined. Even today, they are led by the same cabinet Minister.

### The path to choose

What might Corporate India instead do to look after the nation's built heritage? First, businesses can help citizens understand why monuments matter. This can be done by earmarking CSR funds for grants for researching, writing, and publishing high quality textbooks, and developing imaginative and effective ways of teaching history. Traders and shopkeepers can give funds to school libraries for collecting archival materials including books, maps, and old photographs relevant to monuments in their vicinity that will lead students to establish the value of monuments.

Corporates might also follow the lead taken by Sudha Murthy and N.R. Narayana Murthy in giving gifts to organisations such as the Bhandarkar Oriental Research Institute in Pune to continue their missions of writing

history by rationally coordinating the textual record and the archaeological evidence. Since the onset of the COVID-19 pandemic, humanities and social sciences departments at some universities have been witnessing a hiring freeze. At other universities, these departments are being amalgamated. Corporates can give them a new lease of life by instituting fellowships, endowing professorships, and supporting research training programmes.

Second, industrial houses can support the meaningful conservation of heritage buildings by looking within. Their CSR funds can be used to purchase new equipment that release fewer noxious gases that darken and corrode marble buildings and discharge fewer effluents into rivers, thus making these water bodies less likely to serve as breeding grounds of microbes that gather on the walls of ancient buildings erected on riverbanks and cause their decay.

In the past, Tata Sons, ONGC, and other companies have regularly contributed funds to organisations training individuals in much needed restoration skills and creating jobs for them. Now is the time for corporations to support interdisciplinary teams at the DRONAH Foundation and the Centre for Advancement of Traditional Building Technology and Skills that are trying to protect monuments from emergent threats such as climate change. Rising sea levels are leading to water percolation into forts along Maharashtra's coast. Salination is eating into their foundations. Higher rainfall is leading Ladakh's stucco houses to crumble. Greater fluctuations in temperature are peeling away Shekhawati's murals. The private sector's resources and expertise may also help the ASI and State Archaeology Directorates to secure monuments from dams, mining projects, defacement, and looting. Currently, India's progress in diverse fields is being projected at G-20 events across the nation. By embracing forward-thinking principles of historical preservation, businesses, government agencies, and civil society groups can showcase India's genuine progress in this arena. Maybe their efforts will inspire more citizens to participate in the pressing task of safeguarding India's pluralistic heritage.

## ON REGULATING ONLINE SALE OF DRUGS IN INDIA



*Why is the All India Organisation of Chemists and Druggists threatening a country-wide agitation against e-pharmacies? How have online drug delivery stores taken up a large share of the market? Will the Ministry of Health ban e-pharmacies?*

### EXPLAINER

The story so far:

In early February, the Ministry of Health pulled up at least twenty companies including Tata-1mg, Flipkart, Apollo, PharmEasy, Amazon and Reliance Netmeds, by issuing them a showcase notice, for selling medicines online. This happened after the All India Organisation of Chemists and Druggists (AIOCD), a powerful lobby of over 12 lakh pharmacists, threatened to launch a country-wide agitation if the government didn't act. Health Minister Dr. Mansukh Mandaviya in close door meetings with senior officials of the Ministry has made clear the pitfalls of selling medicines virtually. The Minister went so far as to say that e-pharmacies should be closed down.

### Is banning e-pharmacies a viable option?

The Ministry of Health has adopted a 'blow hot blow cold' approach towards online pharmacies. The acute need for door step delivery of drugs was felt

during COVID-19. The year of 2020 marked a watershed moment for the growth of e-pharmacies as the Ministry of Home Affairs issued orders for them to continue to operate. It saw nearly 8.8 million households using home delivery services during lockdown.

A senior official from the Health Ministry told The Hindu, "Banning e-pharmacies would be like throwing the baby out with the bath water. The demand for online delivery of drugs is burgeoning. There is a possibility that some of these businesses will go underground if banned, because people are not going to stop ordering medicines online anytime soon." One can't wish away the sale of drugs online by threatening to ban businesses, instead of regulating the sector, the official added.

The draft e-pharmacy rules, which were originally intended to whip e-pharmacy businesses into shape were floated by the Ministry of Health in 2018. The rules were finalised, public comments were taken into consideration and they were almost on the brink of being notified. But the proposal was abruptly shoved into cold storage, after being referred to a Group of Ministers including Amit Shah (home) and Rajnath Singh (defence) as the matter was considered 'sensitive.' It ran the risk of irking a substantial vote bank of offline pharmacists. Since then, multiple court orders including those from Bombay, Madras, Delhi and Patna High Court have called for regulating e-pharmacies. The latest in the line is the 172nd Parliamentary Standing Committee report released in June last year, which found it 'appalling,' that e-pharmacy rules had not been notified even after four years of the draft being introduced.

### How are e-pharmacies competing with mom-and-pop chemist shops?

Flush with billions of dollars of private equity money to infuse, e-pharmacies made a bang in the market in 2015 and started offering hefty discounts on medicines in a bid to garner more market share. But they didn't just stop at the discounts.

E-pharmacies call themselves facilitators of doorstep delivery. They claim tie-ups with retail chemists for vending medicines. However, since profit margins in the drug retail industry are very thin, just about 15% to 16%, every player in the supply chain is struggling to make money. Therefore, companies like PharmEasy, in a move to circumvent retail chemists are building a supply chain from the ground up by buying out big and small wholesale drug distributors like Ascent Health, Desai Pharma, Eastern Agencies Healthcare among others. Reliance bought out a Bengaluru-based software company C-Square Info Solutions, which caters to the software needs of local pharmacists since the past twenty years. But this aggressive growth is coming at a cost. It is to be noted that since 2015, e-pharmacies have recorded losses year-on-year. Tata-1 Mg posted

a loss of ₹146 crore in FY22, whereas PharmEasy's losses widened to ₹2,700 crore in the same fiscal.

#### What next?

Both e-pharmacies and offline retail pharmacists have realised that in a climate where drug delivery is driven by consumer sentiments, it is futile to stick to any one way of doing business. "In the past eight years, the market penetration of e-pharmacies has seen single digit growth from 3% to 5%. It is just one additional option for consumers for buying chronic care medicines for diabetes, high blood pressure, cardiac issues and so on," said a leading e-pharmacy player who did not wish to be quoted. For acute care and emergency, patients still rely on their neighbourhood pharmacy stores. This has led e-pharmacy players to now

open capital-intensive brick and mortar stores. Until March 2021, Reliance had opened 114 pharmacies inside their Smartpoint grocery stores. It plans to open 2,000 more outlets. Apollo Pharmacy which has nearly 4,000 physical stores also caters to online sales. "PharmEasy has close to 600 of its own stores while Tata-1Mg has over fifty stores and is adding more," the aforementioned player said. Stiff competition has forced mom and pop pharmacists to also offer home delivery options to their customers by introducing their own store apps. They even give customers options to order medicines over Whatsapp. In an eco-system that is moving towards a hybrid mode, all eyes are on the Ministry of Health which will have to effectively regulate the new way of doing e-commerce in the drug space.

## NO NEED FOR EXAGGERATED CONCERN OVER EXTERNAL ACCOUNT: CEA

There is no need for "exaggerated concern" about India's external account situation, Chief Economic Advisor V. Anantha Nageswaran asserted on Tuesday, while stressing that the Economic Survey's forecast of 6.5% growth for 2023-24 was well within the range of those estimated by other agencies although downside risks dominated the upside potential.

#### Trade deficit narrowing

"India's merchandise trade deficit, which was running at \$30 billion around the third calendar quarter of 2022 has been steadily shrinking, which obviously relieves the pressure on the external account," the CEA said adding that services exports were doing well too.

"Forex reserves after having dipped all the way through October, picked up again and because of the slight withdrawal of portfolio flows in January and February, have shown a slight decline in the last few weeks. Nonetheless, whatever concerns people have with respect to India's external situation at the moment seems somewhat unnecessary. It is something that we need to keep a lookout for, but there is no need for exaggerated concern given the number of months of import cover we have," Mr. Nageswaran concluded.

## VEDHIK DAILY QUIZ

- 1. Recently, the United States Air Force shot down a giant meteorological balloon, but alleged to be spying on nuclear launch facilities over Montana. The balloon belonged to:**
- 2. Last week, Russian President Vladimir Putin unilaterally withdrew from a bilateral treaty with United States of America. Name the treaty?**
- 3. The Geological Survey of India (GSI) has confirmed the presence of commercially exploitable Lithium resources from Jammu and Kashmir. Can you name the second site in India, where the Geological Survey of India (GSI) is hopeful of finding the commercially exploitable Lithium resources?**
- 4. Where did Narendra Modi, Prime Minister of India inaugurate the India's newest airport?**

SPACE FOR ROUGH WORK