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## AMID HEAT OVER ADANI STOCKS, NSE SAYS ALL ITS DECISIONS 'TRANSPARENT'



Police personnel standing outside the NSE during the Congress party's protest against the Adani Group in Bandra on March 1.PTI

*The National Stock Exchange, in a statement, defends its indexing and surveillance moves, says there is 'no human discretion in deciding on inclusion or exclusion of stocks in any of its indices'*

The National Stock Exchange (NSE) late on Sunday issued a three-page statement to assert that its surveillance actions on individual stocks and decisions to include or exclude stocks in various Nifty indices are driven by "transparent" policies and rules without "human discretion".

The statement comes two days after the exchange removed three Adani Group stocks, including its flagship Adani Enterprises, from its short-term additional

surveillance framework. Stocks are put under the additional surveillance framework by exchanges to safeguard investors amid high volatility.

The NSE statement also sought to defend its subsidiary NSE Indices' decisions, and said there was "no human discretion in deciding on inclusion or exclusion of stocks in any of its indices".

Last month, the subsidiary had announced the addition of five Adani Group firms into 14 of its indices, effective March 30, while retaining Adani Enterprises and Adani Ports and SEZ in its flagship Nifty 50 index.

While the reconstitution of the indices was based on trading data for the six-month period ending January 31, financial experts had sought a review of the move to protect investor interest in the midst of the meltdown in the Group's stocks since January 24, when U.S.-based Hindenburg Research released a report alleging several misdemeanours by the Group.

"NSE surveillance actions on eligible stocks are applicable as per transparent rules. These rules are non-discretionary, pre-announced and automatically applicable," the exchange said, adding the norms were in the public domain, "common across exchanges" and were "implemented automatically and no human discretion is allowed". The exchange also underlined that "the overall Risk Management Framework put in place for trading in secondary market has been designed to provide robustness to capital market ecosystem, especially in volatile times".

"Similarly, inclusion and exclusion of stocks in various Nifty indices on periodic basis has been as per transparent policies," it said.

Asserting that the subsidiary followed "a strong index governance practise through various governance committees to monitor index

criteria policy changes or policies related to index constituent changes", the NSE said these committees also included external independent members. "Thus given the current pre-announced, transparent, rules based, automatic, non discretionary regulatory framework for surveillance measures and for index inclusion/ exclusion at NSE, no human discretion is possible," the NSE underlined.

Late last month, the Congress had protested outside the NSE headquarters against the move to include and retain Adani Group stocks in its indices.

## CRUDE PRICE SLUMP A BOOST FOR OIL FIRMS, NOT CONSUMERS

With global crude oil prices slipping below \$75 per barrel last week, Indian oil marketing companies (OMCs) are now making a profit of ₹11.1 per litre on diesel and ₹8.7 per litre on petrol, but consumers hoping for a price cut amid high inflation are unlikely to get any relief soon.

Analysts believe OMCs will need two or three quarters of such profits to recoup losses incurred through 2022 as they had frozen retail prices since May 2022, when the government had cut the excise duty on both fuels.

The three OMCs — Indian Oil (IOCL), Bharat Petroleum (BPCL) and Hindustan Petroleum (HPCL) — have incurred losses of ₹18,622 crore between April and December 2022, the Petroleum Ministry told Parliament last week, noting petrol and diesel prices have not been increased despite record high international prices.

From an average of \$105 a barrel in the first half of 2022-23, Brent crude oil prices averaged \$85 per barrel between October 2022 and February, Moody's

Investors Service had said in a rating review of the three OMCs late in last month. The agency had also noted that this downtrend along with increased purchase of discounted Russian oil had increased these firms' profitability.

With the woes at U.S. and European banks stoking fears of a contagion effect and a demand slump, oil prices have plummeted below \$75 a barrel, lifting the marketing margin for Indian OMCs to ₹11.1/litre and ₹8.7/litre, JM Financial said in a research note.

If crude prices sustain below \$75-80 a barrel and "the government permits OMCs to recoup past losses" by not paring retail prices, "this should help them to partly recoup the huge net loss (of ₹50,000 crore) they incurred in the first nine months of 2022-23", JM Financial analyst Dayanand Mittal said.

This January, the Centre had approved ₹22,000 crore as compensation to OMCs for losses suffered due to domestic LPG sales.

## JAPAN PM KISHIDA TO VISIT INDIA TODAY;

G-7, G-20, Indo-Pacific ties on agenda



**Fumio Kishida**

Synchronising plans for the G-7 summit in Hiroshima in May and the G-20 summit in Delhi in September will be on the agenda for Japanese Prime Minister Fumio Kishida's 24-hour visit to Delhi on Monday, a senior Japanese official said.

Mr. Kishida will meet Prime Minister Narendra Modi and also deliver a major speech on Japan's Indo-Pacific strategy and its new defence posture, more than 15 years since the late Shinzo Abe first spoke about Indo-Pacific cooperation during a visit to Delhi. Mr. Kishida and Mr. Modi will also take a walk together at a park in Delhi to visit a venerated tree with deep roots to Gautam Buddha's time.

Mr. Kishida has been on a whirlwind spree of meetings with international

leaders beginning in January, when he travelled to the U.S., Canada, the U.K., France and Italy, and also hosted German Chancellor Olaf Scholz in Tokyo this weekend to discuss the G-7 agenda with member countries. He will make the short trip to Delhi to work with Mr. Modi on more cooperation between G-7 and G-20 Presidencies, and is likely to make another attempt at bringing India on board with more tough language on Russia during the Hiroshima G-7 meeting, something India didn't sign on to during last year's G-7 summit in Germany.

"As Japan and India assume the Presidencies of the G-7 and the G-20 respectively this year, Prime Minister Kishida looks forward to engaging in candid discussions with Mr. Modi on the roles that the G-7 and the G-20 should play in overcoming such global challenges as regional and international security, food security, climate and energy, fair and transparent development finance," Noriyuki Shikata, Cabinet Secretary for Public Affairs at the Japanese Prime Minister's Office, told The Hindu when asked about the visit.

Mr. Kishida's visit is unusual, as it is not a part of the annual bilateral summits Indian and Japanese leaders have held since 2006. Government sources also said that the visit would focus on "converging priorities on critical global issues, including food and health security, energy transitions and economic security," indicating discussions on the impact of the Ukraine war and the COVID-19 pandemic were on the agenda for talks.

### Bilateral issues

Mr. Kishida will meet Mr. Modi after laying a wreath at Mahatma Gandhi's memorial at Rajghat. The two leaders are expected to announce a detailed commitment on coordination between the G-7 and G-20 summits this year. In particular, Mr. Kishida will speak about increasing engagement between the G-7 and the Global South, much like the Indian Presidency of the G-20 has done. In addition, they will discuss bilateral issues, including Japan's targeted 5-trillion yen public and private investment in India, connectivity projects in the northeast, and the much-delayed Shinkansen high-speed rail project.

Sources said the two sides would also outlook India-Japan cooperation under their "Special Strategic and Global Partnership" over the Free and Open Indo-Pacific (FOIP), which will be outlined by Mr. Kishida during his "Sapru House lecture" later in the day. "[PM Kishida] thinks that it was in India where the vision of FOIP was born," Mr. Shikata said, referencing Abe's "Confluence of the Seas" speech to the Indian Parliament in 2007. "He looks forward to discussing the future of the 'Indo-Pacific' with the people of India on this occasion of his visit to India," Mr. Shikata added.

Mr. Kishida will also visit Buddha Jayanti Park and see the Bal Bodhi Tree, which is believed to be connected to the "Mahabodhi tree" that Gautam Buddha attained enlightenment under. The tree grew from a sapling presented by former Sri Lankan Prime Minister Sirimavo Bandaranaike and was planted by

## BANKING GIANT UBS WILL ACQUIRE SMALLER RIVAL CREDIT SUISSE

Banking giant UBS is buying its smaller rival Credit Suisse in an effort to avoid further market-shaking turmoil in global banking, Swiss President Alain Berset announced on Sunday night.

Swiss President Alain Berset, who did not specify a value of the deal, called the announcement "one of great breadth for the stability of international finance. An uncontrolled collapse of Credit Suisse would lead to incalculable consequences for the country and the international financial system."

Credit Suisse is designated by the Financial Stability Board, an international body that monitors the global financial system, as one of the world's globally systemic important banks. This means regulators believe its uncontrolled failure would lead to ripples throughout the financial system not unlike the collapse of Lehman Brothers 15 years ago.

Sunday's news conference follows the collapse of two large U.S. banks last week that spurred a frantic, broad response from the U.S. government to prevent any further bank panics.

The 167-year-old Credit Suisse already received a \$50 billion (54 million Swiss francs) loan from the Swiss National Bank, which briefly caused a rally in the bank's stock price. Yet the move did not appear to be enough to stem an outflow of deposits, according to news reports.

Its current troubles began after Credit Suisse reported on Tuesday that managers had identified "material weaknesses" in the bank's internal controls on financial reporting as of the end of last year. That fanned fears that Credit Suisse would be the next domino to fall.

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## SPECTRE OF STAGFLATION

*Higher credit costs may further dampen consumption*

The latest global financial developments and recent economic data in India are together raising fears that several major economies worldwide, including India's, may be headed for a spell of debilitating stagflation. Last week's retail inflation reading for February from India's NSO, at 6.44%, clearly belies the RBI's most recent forecast for Q4 inflation of 5.7%. With January having logged CPI-based price gains of 6.52%, prices will have to soften so sharply in March as to drag the headline number down by more than 230 basis points to about 4.1% for the RBI's projection to come true. A look at the components driving inflation shows that core inflation, which strips out the impact of food and fuel prices, still remains stuck at 6.2% for a third straight month, and continues to hover almost at or above the 6% level since May 2021. That core inflation remains persistently elevated despite the RBI having raised its benchmark interest rate by 250 basis points since last May reveals the difficulty monetary authorities are facing in tamping down on price gains by increasing credit costs so as to dampen demand. Governor Shaktikanta Das and the RBI's two other members on the Monetary Policy Committee all cited the worrying persistence of core inflation at their last policy meeting in February as justification for deciding to continue tightening monetary policy.

Queering the pitch further is price gains across the food basket too showing disconcerting trends despite a marginal deceleration of five basis points last month in the composite food price index. Prices of four key categories in the food basket that together account for more than a fifth of the Consumer Price Index continued to register significantly high year-on-year inflation, as well as sequential hardening. If the key staple of cereals and products saw inflation accelerate to 16.7% in February, the headline reading for milk and products quickened to 9.65%, that for fruits surged to 6.38% (from January's 2.93%), with only the reading for spices slowing a tad to 20.2% (from 21.1%). With the prediction of a likely El Niño this year, the outlook for food prices is hardly reassuring. While policymakers will, therefore, need to stay focused on containing inflation, the rising uncertainty about the growth momentum sustaining in the face of the heightened risks of a recession in advanced economies raises the risk that higher credit costs may further dampen consumption. Yet, failure to engender enduring price stability could lead to stagflation. Unless supply side measures such as GST rationalisation and fuel price cuts are expedited, the overall macroeconomic outlook appears worrying.

## PLAYING WITH FIRE

*Kerala must discard centralised waste-processing, reduce its trash*

The landfill fire in Brahmapuram, on March 2, has turned the spotlight on the State's ineffectual solid-waste management practices — from a widespread lack of waste segregation at source to discrepancies between contractors' actions to maintain the landfill and their obligations. This was not the first fire at Brahmapuram. Studies by the CSIR-National Institute for Interdisciplinary Science and Technology, in 2019 and 2020, concluded that the many fires released highly toxic substances into their surroundings; they are also likely to have been released in this fire. These facts indicate two problems — solid waste accumulated at the site, and it was not removed quickly enough. And, also, two kinds of failure. First, Kochi's solid-waste management apparatus is too tenuous for the amount of waste it produces and the Brahmapuram waste-to-energy plant is dysfunctional. The former is a pan-India problem, due to overconsumption, low resource-use efficiency, and not handling such waste properly. Solid waste can be biodegradable, when it is composted, or nonbiodegradable, when it is repurposed, combusted, or landfilled. Such waste does not go anywhere else; so, if any of these three channels are clogged, waste will collect in the others. This is why landfills are signs of urban dysfunction. The second kind has to do with waste not being removed efficiently from stockpiles

— by feeding it into waste-to-energy plants and by recovering commercially important metals, refuse-derived fuel, and bio-soil — and by storing the flammable waste in a way that would not prevent fires.

The Brahmapuram plant appears to have been in the State's blind spot. Such facilities work only when the relatively more expensive power they produce will be purchased; the amount of combustible waste they receive is proportional to the amount of purchasable power they can produce; and the waste they receive has sufficient caloric content to produce that power. The plant is dysfunctional: the State must explain why and revive it. Also needed are answers about the landfilling and biomining contracts, why contractors failed their obligations, and why course-correction was not effected sooner. It is of concern that the State overlooked Supreme Court and National Green Tribunal orders to prevent such fires. Corruption in the face of the climate crisis begets cynicism. Finally, Kerala needs to discard centralised waste-processing in favour of the decentralised mode encouraged by its Solid Waste Management Policy. The State is unlikely to meet its goal of being waste-free by 2026 if it does not achieve its circular economies, which it will not unless its trash mountains dwindle instead of becoming climate pollutants in their own right.

## SLOW STEPS TO INDIA-CHINA BORDER TRANQUILLITY

*Manoj Joshi is a Distinguished Fellow at the Observer Research Foundation, New Delhi, and the author of 'Understanding the India-China Border: The Enduring Threat of War in High Himalaya'*

India and China appear to be moving towards a new *modus vivendi* to maintain peace and tranquillity along their disputed 4,000 kilometre border. In 2020, the older arrangements, shaped by the agreements of 1993, 1996, 2005 and 2013, came apart in Ladakh after the Chinese massed troops in Tibet and established blockades at six points on the Line of Actual Control (LAC) to prevent Indian troops from patrolling the border.

A clash at Galwan in June 2020 led to the deaths of 20 Indian and four Chinese soldiers, the first such losses on the LAC since 1975. The Sino-Indian clash, in December 2022, at Yangtse, north-east of Tawang, suggests that new measures may be needed across the LAC, and not just in Ladakh.

### Attempts to ease the border situation

There are reported to have been important discussions that took place when Shilpak Ambule, Joint Secretary of the East Asia Division of the Indian Ministry of External Affairs and the Office of the External Affairs Minister, and Hong Liang, Director-General of the Department of Boundary and Ocean Affairs of the Ministry of Foreign Affairs, China, met in Beijing for the 26th Meeting of the Working Mechanism for Consultation and Coordination (WMCC) on China-India Border Affairs, on February 22, 2023. This was the first in-person meeting of the WMCC that had held the previous 11 rounds since the 2020 events by video conference.

In the last three years, through patient negotiation, the two sides managed to disengage in four of the six points — Galwan, Pangong Tso, Gogra Post and

near Jianan Pass (PP15). But two key areas remain unsettled, i.e., the Depsang Bulge and the Charding Ninglung Junction in the Demchok area involving nearly 1,000 square kilometres.

The Indian press release after the meeting said the proposals for disengagement in the "remaining areas" were discussed "in an open and constructive manner" which could "create conditions for restoration of normalcy in bilateral relations".

The Chinese release, which was slightly more forthcoming, spoke of the "achievements made in the disengagement of border troops of the two countries at four locations including Galwan Valley" and that the two sides would work along "established lines" and settle the remaining issues on the western boundary. But, more significantly, it said that "the two sides discussed other measures to further ease the border situation, and agreed to make efforts in promoting the border situation to the phase of normalized management and control".

What could these "other measures" be that could restore a measure of normality to the situation so badly roiled by the events of 2020?

While several proposals have been discussed, the most likely one (based on the experience of the last three years) is about converting other parts of the LAC into similar no-patrol zones. Immediately, this could lead to a package settlement in the two remaining areas of Depsang and Charding Nala. The discussions have also reportedly taken up the issue of upgrading the border management means to replace the WMCC with a mechanism that will have both military and civilian officers.

The entire range of confidence-building measures since 1993 was premised on the belief that both sides largely accepted the lay of the LAC, though they had differences that related to some 18-20 points on it. The 1993 and 1996 agreements specifically spoke about the importance of identifying and resolving these differences. But as the decade wore on, the Chinese walked back on the task of defining a clear LAC without providing any good reasons; the result was that Indian and Chinese patrols sometimes ended up resorting to pushing, shoving and even fisticuffs and stone-throwing. And then there was 2020.

#### On no-patrol zones

It is likely that the no-patrol zones could be confined to the places where the two sides have overlapping claims. Till 2020, both sides patrolled till the limit of these contending claims and there was a protocol that if the two patrols met, they would stop and display banners to ask the other side to go back to their area. Thereafter, the issue was dealt with through meetings at one of the five designated border meeting points.

In an article in an Indian publication in 2020, Chinese journalist-scholar Qian Feng suggested that the concept of the "zone of actual control" could replace the "line of actual control" in some areas that had no obvious geomorphological features or population. Other areas, too, could be delimited as a "border belt" if they did not require population adjustment. But whether or not the idea works will depend on the intentions of the two interlocutors. If the Chinese seek to use the lack of precision of the LAC to keep India off balance, little will change.

The idea is actually an echo of the original proposal by Chinese Premier Zhou Enlai following a similar set of circumstances we are experiencing today. In October 1959, an Indian police party was ambushed at Kongka La leading to the deaths of 10 personnel and the capture of another dozen.

There was an uproar and to quieten it, Zhou proposed to Prime Minister Jawaharlal Nehru in a letter of November 7, 1959 that both sides withdraw 20 kilometres from the "so called" McMahon Line, as well as the "line up to which each side exercises control in the west".

#### Shifting the goalposts

Just to which point the Chinese exercised "control in the west" at that time, or even now, has never been clear as no detailed maps have ever been made available. And that has been at the root of the problem. Over the years, the Chinese have been able to shift goalposts at will, especially in relation to the Ladakh border.

Despite tensions, Indian and Chinese Ministers and officials have been meeting with each other regularly; India's External Affairs Minister S. Jaishankar met his Chinese counterpart Qin Gang earlier this month on the sidelines of the G-20 Foreign Ministers meeting in New Delhi.

In March 2022, Mr. Qin's predecessor, Wang Yi, visited New Delhi, ostensibly to discuss issues relating to Ukraine. In his meetings with Mr. Wang, Mr. Jaishankar emphasised the point that there could be no normality in India-China ties until the eastern Ladakh situation was resolved. Last week he said that the Chinese inability to deliver on what the two sides had agreed on in 2020 had left their ties "fragile" and "quite dangerous".

In 2014 and 2015, Prime Minister Narendra Modi tried his level best to persuade the Chinese to clarify the LAC at the points where there were differences. The Chinese ignored his proposals. Events in 2020 have destroyed the trust that was built up with patience between 1993 and 2020. The bar for normality in China-India relations is now much higher.

## MOVING FORWARD WITH A NEWER CONCEPT OF UHC

*Dr. K.R. Antony is Independent Monitor, National Health Mission, Government of India, a former Director, State Health Resource Centre, Chhattisgarh, and a former Health and Nutrition Specialist, UNICEF, India*

Do we believe in health as a basic human right, which India's Constitution guarantees under right to life? In contrast, we believe in the World Health Organization (WHO) definition of health: a certain totality of health to the realms of mental and social well-being and happiness beyond physical fitness, and an absence of disease and disability. This means that we cannot achieve health in its wider definition without addressing health determinants. This necessitates a need for an intersectoral convergence beyond medical and health departments such as women and child development, food and nutrition, agriculture and animal husbandry, civil supplies, rural water supply and sanitation, social welfare, tribal welfare, education, forestry.

We all subscribed to the slogan "Health for All by 2000" that was proposed by Halfdan Mahler and endorsed by the World Health Assembly in 1977. This slogan had an inherent implication, i.e., "for All", which means universalisation. Thus, nobody is denied this and everybody is eligible without being discriminated against on the basis of financial status, gender, race, place of residence, affordability to pay or any other factors. Universal Health Care/coverage (UHC) was implied as early as 1977. India, through its National Health Policy 1983, committed itself to the 'Health for All' goal by 2000.

#### A focus on primary care

When and where then did partial coverage of the population and partial responsibility of the ruling government to pay for health care come in? The International Conference on Primary Health Care, at Alma Ata, 1978, listed eight components of minimum care for all citizens. It mandated all health promotion activities, and the prevention of diseases including vaccinations and treatment of minor illnesses and accidents to be free for all using government resources, especially for the poor. Any non-communicable disease, chronic disease including mental illnesses, and its investigations and treatment were almost excluded from primary health care. When it came to secondary and tertiary care, it was left to the individual to either seek it from a limited number of public hospitals or from the private sector by paying from their own pockets. There were not enough government-run institutions for the poor (who cannot afford exploitative and expensive private care). This abdication of responsibility, i.e., to provide secondary or tertiary care by the state, ensured the dominant, unregulated, profit-making private sector and also health insurance sector were kept happy and thriving. This created a dichotomy between peripheral primary and institutional-referred specialist care at the secondary and tertiary levels.

#### Looking ahead

Realising that even the poor do contract chronic illnesses and non-communicable diseases such as cardiac, neural, mental and metabolic disorders, and also require investigations and management at peripheral primary health institutions,

a Primary Health Care (PHC) Version 2 or Comprehensive PHC was defined. A sensible move, it was operationalised through the National Rural Health Mission (NRHM) in India from 2013. The second half of the last decade saw the operationalisation of the Health and Wellness Centre as a model of implementation of Comprehensive Primary Health Care.

Every individual has a right to be healed and not have complications, disability and death. That right is guaranteed only by individualism in public health, the new global approach to UHC, where "nobody is left uncounted and uncared for". The Alma Ata declaration of primary health care can be left behind as a beautiful edifice of past concepts. Let us move forward with a newer concept of UHC which encompasses primary, secondary and tertiary care for all who need it at affordable cost without discrimination.

The Universal Health Coverage slogan must be avoided as it is deceptive. This is because it is neither universal in its implementation nor comprehensive in its coverage of services and never assures accessibility or affordability as its financing is conditional to insurance premiums paid either by the individual or state. WHO should not have yielded to the World Bank and the Rockefeller Foundation during the period of 2004-2010 towards pro-market driven reform guidelines such as reducing state regulation and selectivity of uneconomical service coverages. This backtrack from "Health For All" dilutes the UHC concept. However, the consolation is that the World Health Assembly resolution of 2011, urges countries for timely finance of the health sector to reduce out-of-pocket expenses and a catastrophic expenditure in health resulting in the impoverishment of families.

The Astana declaration of 2018 calls for "partnership" with the private sector, though alcohol, tobacco, ultra-processed foods, and industrial and automobile pollution contributed by the commercial private sector are well established. Also, poorer countries miserably fail or are unwilling for "private sector regulation". It never addressed poverty, unemployment and poor livelihood, but eulogises quality PHC only as the cornerstone for Universal Health Coverage and ignores broader Universal Health Care.

A globally accepted health systems concept since the Beijing Health Systems Research Conference 2012 is that of a multi-nodal system of varied sectors, professional streams and specialities with a variety of staff to deliver Comprehensive Universal Health Care.

The National Health Mission with concurrent intersectoral thrusts on Poshan Abhiyan, National Food Security, the Mahatma Gandhi National Rural Employment Guarantee Act, water sanitation, Sarva Shiksha Abhiyan, etc. is a better model of fully tax-funded Universal Health Care, but the Ayushman Bharat Jan Arogya Bhima Yojana damages that approach.



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