

## Mains Master

### Decoding the Adani Hindenburg judgment

#### Context

The Adani Group, led by Gautam Adani, a prominent figure in India's business landscape across various sectors like ports, power generation, airports, and more, faced scrutiny following allegations made by Hindenburg Research, a financial research firm known for uncovering corporate wrongdoing. Hindenburg's report accused Adani of using tax havens improperly and raised concerns about the company's high debt levels. In response, Adani vehemently dismissed the report's claims as baseless and unsubstantiated speculations.

The fallout from Hindenburg's allegations was significant, leading to a staggering \$150 billion selloff in Adani's publicly listed companies. Despite a subsequent recovery, Adani's shares remain down by approximately \$47 billion from their levels before the report's release. The conglomerate took measures to restore investor confidence, including welcoming new investors like Abu Dhabi conglomerate International Holding (IHC.AD) and investment firm GQG, which helped stabilize the situation.

In the midst of this, India's market regulator, the Securities and Exchange Board of India (SEBI), conducted an investigation into the Adani Group following Hindenburg's claims. The investigation fell under the purview of the Supreme Court. Recently, the Supreme Court ruled against transferring the investigation to other agencies, stating that the facts presented didn't warrant such a move. The apex court directed SEBI to conclude its investigation into the Adani Group within a stipulated three-month period.

The Supreme Court's judgment on the Adani-Hindenburg matter has significant flaws that could subvert the ongoing investigation into the Adani group and prevent a proper pursuit of justice.

#### Key Points:

- **Lack of Scrutiny:** The court accepted SEBI's status report on investigations without examining the findings of 22 completed reports, which remain confidential. This raises concerns about transparency and accountability.
- **Stalled Inquiry:** The investigation into promoter group shareholding exceeding regulatory limits (through suspected overseas entities) remains inconclusive despite

being initiated in 2020. SEBI blames lack of information from foreign jurisdictions, but the court did not intervene to resolve this "chicken-and-egg" situation.

- **Overlooked Violations:** The court rejected arguments highlighting SEBI's regulatory amendments that weakened disclosure requirements and facilitated concealment of ultimate beneficial ownership of overseas entities. These amendments are seen as violating legal mandates.
- **Misleading Claims:** SEBI affidavits are accused of misrepresenting facts and suppressing crucial information like the lowering of beneficial ownership threshold under PML rules, which could have aided the investigation.
- **Targeting Whistle-blowers:** SEBI's probe against Hindenburg for short-selling and dismissing OCCRP's investigative findings as mere "allegations" are seen as attempts to silence whistle-blowers instead of focusing on the substance of their reports.

#### Overall Concerns:

- The judgment limits further judicial oversight of SEBI's investigation, potentially allowing for a biased or incomplete conclusion.
- Reliance on SEBI's self-reported progress without public scrutiny of investigation findings raises concerns about transparency and potential cover-up.
- Targeting whistle-blowers like Hindenburg and OCCRP sends a discouraging message to those exposing potential corporate wrongdoing.

### Shielding SEBI

The Supreme Court of India has ruled on a batch of petitions seeking further investigation into **allegations of malfeasance** against the Adani Group, including stock manipulation.

#### Court's Decision:

- Dismissed requests for a separate investigation: The Court trusts SEBI's ongoing probe and sees no "deliberate inaction or inadequacy" in their approach.
- Directed SEBI to finalize remaining investigations: Two probes are pending due to foreign regulator input, and the Court has ordered their "expeditious" completion within three months.

- **Rejected challenges to SEBI regulations:** The Court found no flaws in regulatory amendments regarding foreign investors and disclosure requirements.

### Court's Reasoning:

- **Limited judicial intervention:** The Court expressed respect for SEBI's expertise and refrained from overriding its regulatory policies.
- **Confidence in SEBI's progress:** The Court deemed SEBI's investigation "comprehensive" and "inspiring confidence."
- **Focus on public interest:** The Court prioritized protecting the larger investor community over petitioner demands.

### Concerns and Criticism:

- **Unanswered questions:** The Court avoided addressing crucial issues raised by the Court-appointed experts, including potential violations related to shareholding and transactions.
- **Lack of details:** The Court offered no information on SEBI's findings or progress in the ongoing investigations, leaving investors in the dark.
- **Tardiness in enforcement:** Critics fear SEBI's past track record of slow enforcement might impede a thorough investigation.
- **Appearance of judicial inaction:** The Court's reliance on SEBI without imposing strict deadlines or oversight might undermine public trust in the investigation.

Overall, the Supreme Court's ruling gives SEBI the responsibility to finalize its investigation into the Adani Group allegations. While the Court's respect for regulatory autonomy is understandable, concerns remain about the lack of transparency and potential for delays in reaching a decisive outcome.

### Is higher education out of touch with the skill requirements in the job market?

#### India's Graduate Employability Crisis: A Deeper Dive

The notion of graduating and seamlessly transitioning into a rewarding career appears increasingly precarious for young Indians. A stark statistic underpins this harsh reality: less than half of India's graduates secured meaningful employment in 2021, a dismal figure compared to many other developing nations. This alarming employability crisis is a multifaceted conundrum woven from the threads of structural educational flaws, the lingering fallout of online learning during the pandemic, an economy struggling to generate sufficient jobs, and societal barriers that disproportionately affect female graduates.

#### Structural Cracks in the Educational Edifice:

The rapid expansion of higher education institutions in India, while democratizing access, has come at the cost of quality. Many universities, particularly private ones, have become exam-centric

factories churning out graduates with theoretical knowledge but lacking practical skills and critical thinking abilities. This disconnect between the skills taught and those demanded by the job market leaves graduates ill-equipped to navigate the professional landscape.

#### The Shadow of Online Learning:

The pandemic forced a mass exodus to online classrooms, but the transition wasn't without its casualties. Unequal access to technology and internet resources created a digital divide, exacerbating existing inequalities and hindering learning for many students. The virtual environment often hampered engagement, leading to knowledge gaps and underdeveloped skillsets. Additionally, the lack of hands-on training and practical learning opportunities further disadvantaged graduates seeking employment in hands-on fields.

#### A Job Market Lagging Behind:

The Indian economy, despite impressive growth rates, struggles to create enough jobs, particularly in high-skilled sectors that match the aspirations of educated graduates. This mismatch between graduate skills and available jobs leaves many underemployed, forced to accept jobs below their qualifications, or worse, unemployed. The situation is further compounded by low investment in research and development, hampering innovation and the creation of knowledge-based jobs.

#### Gender Disparity: A Double Jeopardy:

While India boasts a higher ratio of female graduates than ever before, their participation in the workforce remains disappointingly low. Societal expectations and ingrained cultural biases often discourage women from pursuing careers, and even those who do face additional hurdles. Lack of affordable childcare, limited flexible work arrangements, and discriminatory workplace practices contribute to this gender gap, ultimately hindering economic growth and social progress.

#### The NEP: A Beacon of Hope, Flawed Yet Promising:

The National Education Policy (NEP) of 2020 represents a bold attempt to tackle these challenges. Its vision of integrating skill development with traditional academics, fostering critical thinking, and promoting inclusivity holds immense promise. However, its implementation has been uneven, with inconsistencies and controversies surrounding entrance exams and university autonomy. Moreover, the NEP lacks concrete measures to address specific needs of marginalized groups, limiting its potential impact.

#### Charting a Path Forward:

To confront this crisis head-on, India needs a multi-pronged approach. Strengthening vocational training institutions and bridging the gap between classroom learning and industry needs through closer collaboration are crucial steps. Prioritizing quality control in higher education, investing in faculty development, and promoting research and development are essential for creating a future-proof education system. Furthermore, dismantling societal barriers and implementing policy measures that champion gender equality in the workplace are necessary to unlock the full potential of its female graduates.

**Ultimately**, addressing India's graduate employability crisis is not just an economic imperative but a social and moral one. By creating a system that equips its young people with the skills and opportunities they need to thrive, India can unlock its true potential and become a global leader in the knowledge economy. This journey, however, demands a collective effort from policymakers, educators, industry leaders, and society as a whole. Only then can the promise of a bright future for India's graduates be realized.

### Civil society under siege, in India



This article paints a concerning picture of the shrinking civic space in India, particularly for organizations fighting against communalism and advocating for minority rights, Dalit rights, Adivasi rights, and economic justice. The author argues that the Indian state is deliberately targeting these organizations through a range of instruments, effectively stifling dissent and undermining democratic principles.

#### Key findings:

- **Anti-communal organizations are hit the hardest:** Organizations actively fighting against Hindu nationalism and promoting secularism are facing the most severe attacks from the state, ranging from financial restrictions to imprisonment of leaders. Examples include Citizens for Justice and Peace (CJP), Amnesty India, and Oxfam.
- **Moderate attacks on diverse organizations:** Even organizations not actively involved in anti-communal work but pursuing other human rights causes are not spared. For instance, the Centre for Policy Research (CPR) and an unnamed American-funded NGO working in the non-communal space have faced significant curbs on their activities.
- **Low-level attacks on neutral organizations:** Organizations not involved in anti-communal issues, like Navsarjan (Dalit rights) and Save The Children (child rights), have also been impacted, albeit to a lesser extent.
- **Greenpeace:** A case study of changing focus: Greenpeace, once facing high-intensity attacks, has now adopted a more lukewarm stance on environmental and Adivasi rights concerns to avoid further scrutiny. Instruments used to suppress dissent:
  - **Penal consequences:** Charges of money laundering and investigations under the Prevention of Money Laundering Act and Foreign Contribution (Regulation) Act are used to intimidate and potentially imprison individuals associated with targeted organizations.
  - **Foreign funding restrictions:** The FCRA has been made stringent, resulting in the denial of foreign funds to around 18,000 NGOs between 2015 and 2022. A Prior Reference Category List further discourages international donors from supporting human rights causes in India.
  - **Domestic funding hurdles:** Mandatory renewals of 12A and 80G certificates and requirements to disclose donor information discourage domestic donations to non-communal and anti-communal NGOs.

- **Centralized control:** The centralization of power in the hands of the ruling party allows for greater control over the activities of civil society organizations.

## Prelims Booster

### ISRO to perform crucial manoeuvre tomorrow to bind Aditya L1 into L1 orbit

#### Aditya-L1 Satellite Mission:

- Dedicated mission aimed at comprehensively studying the Sun, with seven distinct payloads, five developed by ISRO and two by Indian academic institutes in collaboration with ISRO.

#### Launch and Journey:

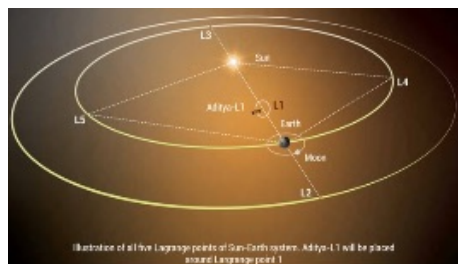
- Scheduled for launch on September 2, 2023, maneuvers in Earth-bound orbits for 16 days before embarking on a 110-day journey to the L1 Lagrange point.

#### Strategic Positioning:

- Positioned approximately 1.5 million km from Earth, strategically focused on the Sun, ensuring uninterrupted study of the Sun's outer atmosphere.

#### Gravitational Stability:

- Placed in an irregular orbit around L1, benefiting from the point's gravitational stability, minimizing the need for frequent orbital adjustments and optimizing operational efficiency.



#### Lagrange Points:

- Specific positions in space where the gravitational forces between two celestial bodies create regions of enhanced attraction and repulsion, enabling small objects to orbit in a stable pattern relative to the two larger masses.

#### L1, L2, and L3:

- Positioned along the line connecting the two large masses, considered unstable, where the gravitational pull from the two bodies balances the centripetal force required for a smaller object to orbit with them.

#### L4 and L5:

- Positioned at the apexes of two equilateral triangles with the larger masses at their vertices, stable Lagrange points that allow spacecraft to maintain positions in space with reduced fuel consumption.

#### Spacecraft Utilization:

- Spacecraft can utilize these Lagrange points to remain relatively stationary in relation to the two massive bodies, enabling efficient positioning in space.