

Role and remit: On SC appointing panel to probe Adani case

Questions arise over Supreme Court-appointed panel's **remit** in Adani case

It is difficult to **welcome unequivocally** the Supreme Court order forming a committee to **look into** possible regulatory failure in **dealing with** the **allegations** that the Adani Group companies **flouted norms** in the **securities market**. The Court has done well to **make it clear** that the committee's constitution will not **divest** the Securities and Exchange Board of India (SEBI) of its powers and responsibilities in continuing with its **probe**. In addition, it has said SEBI should also investigate the charge that the companies failed to maintain the minimum public **shareholding** or disclose transactions involving related parties. **To the extent that it holds** the regulator **to its claim** that it is already **seized of** the matter, as well as **expands** its remit to **address squarely** the allegation that **funds** controlled by related parties **were** used to **manipulate** stock prices, the order is quite welcome. However, a relevant question is whether a **committee** headed by a former Supreme Court judge **is** needed at all. SEBI has been asked to share its **findings** with the panel, but it is doubtful if the committee can avoid **going into** the charges on its own before it can confirm or **rule out** regulatory failure. The cause may have been better served if the Court had chosen to **monitor** SEBI's inquiry by **seeking** progress reports. And it may have taken the help of experts, if necessary, to **assess** the final **outcome**. The other **aspect** of the panel's work — suggesting measures to **strengthen** the regulatory framework — **could** have been left to the legislature. Also, that the Court has asked for the panel's report in a sealed cover is disappointing. The **fate** of similar committees, the one on **Pegasus**, **for instance**, **does** not **inspire** confidence about the outcome.

The order also asks the committee to **ascertain** the causal factors that **led to volatility** in the market. The severe **losses** suffered by retail investors **following** the Hindenburg **revelations** **should** not become a **red herring** to **divert** attention from the conduct of the companies. Investor protection is one of SEBI's functions, but it is equally true that no measure can be a guarantee against market forces reacting **sensitively** to **developments**. There is an **inherent** and **perpetual** risk in stock market investments, and it is addressed from a regulatory viewpoint by various means — **prescribing** norms and **mandating** disclosures to setting upper and lower limits on daily price movement. It may be **expedient** for the Adani Group — and the government, which also wants this controversy to **blow over** soon — to **highlight** investor losses so that a quick **exoneration** is ensured by **putting the blame on an alleged plot** against the country and its corporate champions by an **inimical short-seller**; but the Court's focus should be on SEBI's conduct and independent **functioning**, **preserving** which alone can protect investors from market **manipulators**.

[Practice Exercise]

- Red/blue colorings of words in the sentence indicates subject verb relationship; where 'red' denotes 'subject' and 'blue' denotes 'verb'.

Vocabulary

1. **Remit** (noun) – Responsibility, concern, job, sphere of activity कार्य, जिम्मेदारी
2. **Probe** (verb) – investigate, examine, scrutinize, inquire into जांच करना
3. **Welcome** (verb) – to be pleased to receive or accept something स्वीकार करना
4. **Unequivocally** (adverb) – clearly, explicitly, obviously स्पष्ट रूप से
5. **Look into** (phrasal verb) – inspect, investigate, explore, examine, scrutinize, research जांच करना
6. **Deal with** (phrasal verb) – cope with, handle, manage, attend to, see to, संभालना, निपटना
7. **Allegation** (noun) – charge, accusation, claim, assertion आरोप
8. **Flout** (verb) – openly disregard (a rule, law); defy, disobey, break अवहेलना/ उल्लंघन करना
9. **Norm** (noun) – standard, rule, criterion मानक, प्रतिमान
10. **Securities market** (noun) – Share market like NSE, BSE.
11. **Make clear** (phrase) – explain, elucidate, spell out, clarify स्पष्ट करना
12. **Divest** (of) (verb) – deprive someone of (power, rights, or possessions). ले लेना, छीनना (शक्ति, अधिकार)
13. **Probe** (noun) – investigation, inquiry, examination, scrutiny छानबीन, जांच
14. **Shareholding** (noun) – an allocation of shares held in a company. हिस्सेदारी
15. **To the extent that** (phrase) – the degree to which a subject or other thing extends इस हद तक
16. **Hold someone to something** (phrase) – to make someone do what they promised or agreed to do
17. **Claim** (noun) – Assertion, statement, accusation, declaration, allegation, contention दावा
18. (be) **Seize of** (phrase) – To remain in consideration of a matter.
19. **Expand** (verb) – extend, increase, enlarge, grow, broaden बढ़ाना /विस्तार करना
20. **Address** (verb) – tackle, see to, deal with, confront, grapple with सुलझाना, निपटाना
21. **Squarely** (adverb) – precisely, exactly, straightforwardly सीधे-सीधे

22. **Manipulate** (verb) – Exploit, control, Manoeuvre, influence, हेरफेर करना
23. **Findings** (noun) – Discovery, Conclusion, Result, Verdict, Outcome खोज, निष्कर्ष
24. **Go into** (phrasal verb) – start discussing a subject extensively
25. **Rule out** (phrasal verb) – dismiss, reject, exclude, discard, prohibit इंकार करना
26. **Monitor** (verb) – observe, watch, keep an eye on निगरानी करना
27. **Seek** (verb) – Ask for (something) from someone. मांगना
28. **Assess** (verb) – Measure, evaluate, judge, weigh, calculate, consider, gauge आकलन करना
29. **Outcome** (noun) – result, end result, consequence, conclusion परिणाम
30. **Aspect** (noun) – A distinct feature or element पहलू
31. **Strengthen** (verb) – reinforce, make stronger, buttress मजबूत करना
32. **Fate** (noun) – destiny, chance, fortune, luck भाग्य
33. **Pegasus** (noun) – the hacking software – or spyware – that is developed, marketed and licensed to governments around the world by the Israeli
34. **For instance** (phrase) – For example, As, Such as उदाहरण के लिए
35. **Inspire** (verb) – stimulate, motivate, excite, encourage, rouse प्रेरित करना
36. **Ascertain** (verb) – Determine, establish, discover, find out पता लगाना
37. **Lead** (to) (verb) – cause, give rise to, result in, bring about वजह बनना
38. **Volatility** (noun) – instability, fickleness, unpredictability, variability अस्थिरता
39. **Following** (preposition) – After के बाद
40. **Revelation** (noun) – Expose, disclosure, divulgence, declaration, utterance, रहस्योद्घाटन
41. **A Red herring** (phrase) – something that misleads or distracts from a relevant or important question; Decoy, ploy, lure, diversion अफवाह
42. **Divert** (verb) – Reallocate something to a different purpose. मोड़ना, ध्यान हटाना
43. **Sensitively** (adverb) – Sympathetically, delicately, understandingly, perceptively, thoughtfully संवेदनशीलता से

44. **Development** (noun) – event, turn of events, occurrence, happening, circumstance घटनाक्रम
45. **Inherent** (adjective) – intrinsic, innate, immanent, built-in, inborn अंतर्निहित
46. **Perpetual** (adjective) – constant, persistent, endless, permanent, everlasting निरंतर
47. **Prescribe** (verb) – Set, fix, stipulate, order, recommend, advise, निर्धारित करना
48. **Mandate** (verb) – make mandatory; an authoritative command अधिदेश
49. **Expedient** (adjective) – (of an action) suitable or appropriate. उचित
50. **Blow over** (phrasal verb) – come to an end, settle down (crisis) थमना/शांत होना
51. **Highlight** (verb) – underline, underscore, call attention to, focus attention on, stress, emphasize प्रमुखता से दिखाना
52. **Exoneration** (noun) – the release of someone from a duty or obligation; Release, exemption, freeing, discharge भारमुक्ति, छुटकारा
53. **Put the blame on someone** (phrase) – To blame someone or something (for something) पर इल्जाम लगाना
54. **Alleged** (adjective) – so-called, supposed कथित
55. **Plot** (noun) – conspiracy, intrigue, secret plan, secret scheme षड्यंत्र
56. **Inimical** (adjective) – Unfavourable, contrary, opposed; Hostile, unfriendly, unwelcoming, प्रतिकूल, बैरपूर्ण
57. **Short-seller** (noun) – Short selling occurs when an investor borrows a security, sells it on the open market, and expects to buy it back later for less money.
58. **Functioning** (noun) – Performance, execution, performing, operation, running, working कामकाज
59. **Preserve** (verb) – protect, defend, safeguard, preserve, guard संरक्षण करना, बनाए रखना
60. **Manipulator** (noun) – a person who handles or controls something skilfully. छल-साधन करने वाला

Practice Exercise

1. **What is the Supreme Court-appointed committee tasked with in the Adani case?**
 - A. Investigating possible regulatory failure in dealing with allegations of flouting norms by Adani Group companies.
 - B. Investigating allegations of stock market manipulation by Adani Group companies.
 - C. Suggesting measures to strengthen the regulatory framework for securities market.
 - D. All of the above.
2. **What has the Supreme Court ordered SEBI to do in the Adani case?** [Editorial Page]
 - A. Share its findings with the Supreme Court-appointed panel.
 - B. Investigate the charge that the companies failed to maintain the minimum public shareholding or disclose transactions involving related parties.
 - C. Both a) and b).
 - D. None of the above.
3. **What is the concern raised about the Supreme Court-appointed panel in the Adani case?**
 - A. Whether the committee can avoid going into the charges on its own before it can confirm or rule out regulatory failure.
 - B. Whether the committee will be able to suggest measures to strengthen the regulatory framework.
 - C. Whether the committee will be able to ascertain the causal factors that led to volatility in the market.
 - D. None of the above.
4. **What is the Court's focus in the Adani case?**
 - A. Highlighting investor losses suffered following the Hindenburg revelations.
 - B. Investigating the conduct of the Adani Group companies.
 - C. Preserving SEBI's conduct and independent functioning.
 - D. Both a) and b).
5. **What is the concern raised about the fate of similar committees to the one appointed in the Adani case?**
 - A. They may not be able to avoid going into charges on their own before confirming or ruling out regulatory failure.
 - B. They may not be able to suggest measures to strengthen the regulatory framework.
 - C. The outcome may not be favorable.
 - D. None of the above.
6. **What is the author's stance on the focus of the court in the Adani-SEBI controversy?**
 - A. The court's focus should be on the causal factors that led to volatility in the market.
 - B. The court's focus should be on the severe losses suffered by retail investors.
 - C. The court's focus should be on SEBI's conduct and independent functioning to protect investors from market manipulators.

- D. The court's focus should be on highlighting investor losses to ensure a quick exoneration for the Adani Group.
7. **What is the author's view on the inherent risk associated with stock market investments?**
- A. Stock market investments are inherently risky and cannot be regulated by SEBI.
- B. SEBI can regulate stock market investments by prescribing norms and mandating disclosures.
- C. The Adani Group and the government are responsible for the inherent risk associated with stock market investments.
- D. No measure can be a guarantee against market forces reacting sensitively to developments.
8. What is the tone of the author towards the Supreme Court's order on the Adani case?
- A. Neutral
- B. Negative
- C. Positive
- D. Uncertain
9. **What is the main theme of the passage?**
- A. Investor protection in the stock market
- B. The Adani Group's alleged regulatory failures
- C. The Supreme Court's order to form a committee to investigate the Adani case
- D. The effectiveness of regulatory frameworks in dealing with market manipulators
10. **What is the synonym of the "FLOUT"?**
- A. Obey
- B. Defy
- C. Respect
- D. Approval

Answers

1. A 2.C 3. A 4. C 5. C 6. C 7. D 8. A 9.C 10. B

Explanations

1. a) Investigating possible regulatory failure in dealing with allegations of flouting norms by Adani Group companies.
Explanation: The Supreme Court-appointed committee is tasked with investigating possible regulatory failure in dealing with allegations that the Adani Group companies flouted norms in the securities market.
2. c) Both a) and b).
Explanation: The Supreme Court has ordered SEBI to share its findings with the Supreme Court-appointed panel, and also investigate the charge that the Adani Group companies failed to maintain the minimum public shareholding or disclose transactions involving related parties.
3. a) Whether the committee can avoid going into the charges on its own before it can confirm or rule out regulatory failure.
Explanation: The concern raised about the Supreme Court-appointed panel is whether it can avoid going into the charges on its own before it can confirm or rule out regulatory failure.
4. c) Preserving SEBI's conduct and independent functioning.
Explanation: The Court's focus in the Adani case is preserving SEBI's conduct and independent functioning, as this alone can protect investors from market manipulators.
5. c) The outcome may not be favorable.
Explanation: The concern raised about the fate of similar committees is that the outcome may not be favorable, as seen in the case of the committee appointed to investigate the Pegasus controversy.
6. C) The court's focus should be on SEBI's conduct and independent functioning to protect investors from market manipulators.
Explanation: The passage states that the court's focus should be on SEBI's conduct and independent functioning to protect investors from market manipulators. The author suggests that it may be expedient for the Adani Group and the government to highlight investor losses and put the blame on an alleged plot against the country and its corporate champions. However, the author argues that the focus should not be on the losses suffered by retail investors but on SEBI's conduct and independent functioning.
7. D) No measure can be a guarantee against market forces reacting sensitively to developments.
Explanation: The passage states that there is an inherent and perpetual risk in stock market investments, and no measure can be a guarantee against market forces reacting sensitively to developments. The author suggests that the risk is addressed from a regulatory viewpoint by various means, including prescribing norms and mandating disclosures to setting upper and lower limits on daily price movement. The author does not suggest that SEBI cannot regulate

stock market investments or that the Adani Group and the government are responsible for the inherent risk associated with stock market investments.

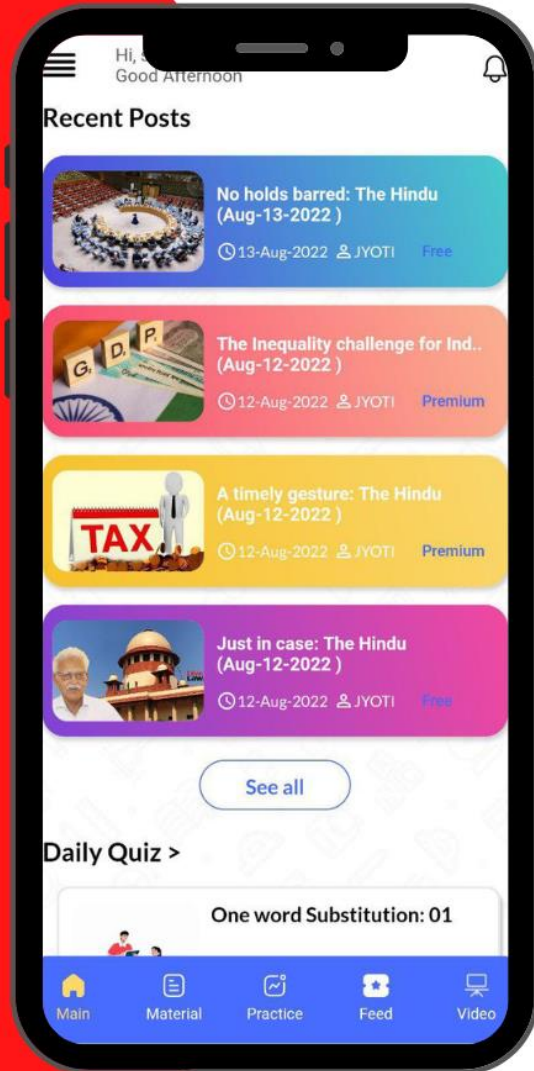
8. A) Neutral

Explanation: The author presents both positive and negative aspects of the Supreme Court's order and raises relevant questions. However, the overall tone of the passage is neutral, as the author does not take a strong stance either in favor or against the order.

9. C) The Supreme Court's order to form a committee to investigate the Adani case

Explanation: The passage primarily discusses the Supreme Court's order to form a committee to investigate possible regulatory failures in the Adani case, and raises questions about the committee's remit, the need for its formation, and its potential outcomes. The other themes, such as investor protection and regulatory frameworks, are discussed in relation to the Adani case and the Supreme Court's order.

10. **Flout** (verb) – Disobey, break, ignore, defy, contravene, scorn, spurn, scoff, उल्लंघन करना



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