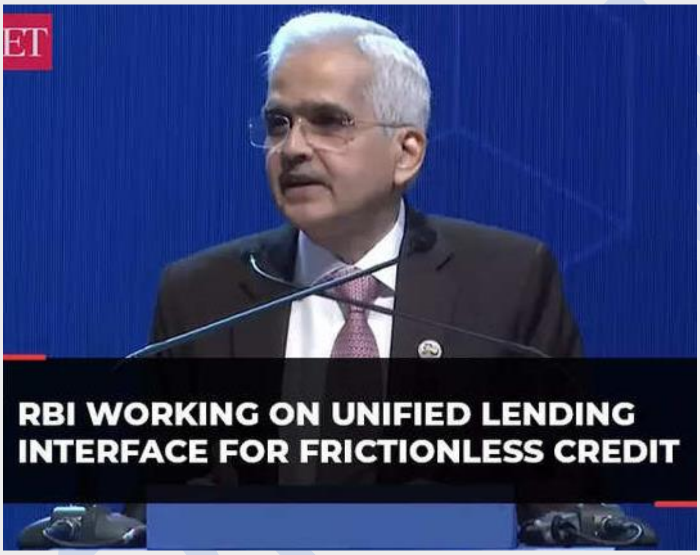
1. RBI to launch Unified Lending Interface: What is it and how will it benefit borrowers

Why in News?

Reserve Bank of India (RBI) Governor Shaktikanta Das recently said that a nationwide launch of the Unified Lending Interface (ULI) will happen in due course. Similar to Unified Payment Interface (UPI), which has revolutionised the retail payment system in the country, ULI will transform the lending landscape.



What has RBI Governor announced?

In August last year, the RBI launched a pilot project for a public tech platform for frictionless credit. It is aimed to bring about efficiency in the lending process in terms of reduction of costs, quicker disbursement, and scalability.

The RBI Governor recently proposed to call the tech platform for frictionless credit as Unified Lending Interface (ULI). He said just like UPI transformed the payments ecosystem, he expects that ULI will play a similar role in transforming the lending space in the country.

What is Unified Lending Interface?

With rapid progress in digitalisation, India has embraced the concept of digital public infrastructure which encourages banks, NBFCs, fintech companies and start-ups to create and provide innovative solutions in payments, credit, and other financial activities.

For digital credit delivery, the data required for credit appraisal are available with different entities like Central and State governments, account aggregators, banks, credit information companies and digital identity authorities. However, these data sets are in separate systems, creating hindrance in frictionless and timely delivery of rule-based lending.

The RBI Governor said that ULI platform will facilitate a seamless and consent-based flow of digital information, including land records of various states, from multiple data service providers to lenders. It will cut down the time taken for credit appraisal, especially for smaller and rural borrowers.

He said that the ULI architecture has common and standardised APIs (Application Programming Interface), designed for a 'plug and play' approach to ensure digital access to information from diverse sources.

The platform will reduce the complexity of multiple technical integrations, and will enable borrowers to get the benefit of seamless delivery of credit, and quicker turnaround time without requiring extensive documentation.

What is Unified Payment Interface?
Unified Payments Interface or UPI is a real-time payment system launched in India in April 2016 by the National Payments Corporation of India (NPCI). It is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.

UPI also caters to the "Peer to Peer" collect request which can be scheduled and paid as per requirement and convenience. It helps in immediate money transfer through mobile device round the clock. It allows a single mobile application for accessing different bank accounts.

UPI has played a significant role in the growth of retail digital payments in the country. While initial participants on the UPI platform were banks, non-bank third-party app providers and use of QR (quick-response) codes have all combined in popularising UPI.

It has emerged as a robust, cost effective and portable retail payment system and is attracting active interest across the globe.

Relevance: GS Prelims & Mains Paper III; Economics
Source: Indian Express

2. What are combination drugs; why have 156 of them been banned?

Introduction
The government has banned 156 fixed-dose combination (FDC) drugs, including popular medicines such as Cheston Cold and Foracet, used for cold and fever and pain respectively.

The ban is the most sweeping crackdown on FDCs — which are combinations of two or more known drugs in single-dosage form — since 2018, when 328 such drugs were banned. A total 499 FDCs have been banned since 2014, officials said.

In its notification issued last week, the central government termed these FDCs irrational, and said they do not have any therapeutic benefit.

What are FDCs; whom do they help?
FDCs are medicines that have more than one active ingredient — chemical compounds in medicines that have an effect on the body — in a single pill, capsule, or shot. FDCs are meant

for patients with conditions such as tuberculosis and diabetes for which they need to take multiple medicines regularly. FDCs reduce the number of pills the patient needs to take each day, and help improve adherence to the treatment.

Sometimes, however, an FDC could mean that a patient ends up taking a drug that they may not need. Cheston Cold, for instance, contains paracetamol for fever, cetirizine for allergy relief, and phenylephrine for nasal decongestion. So while this drug will help people who have these symptoms because of allergies, it is not really required for a bacterial infection.

Which FDCs have been banned?
Among the banned drugs are:

- Several combinations of enzymes used for treatment of gastrointestinal problems;
- Combinations of anti-allergic medicines such as levocetirizine with nasal decongestant, syrups that break down mucus, and paracetamol;
- Combinations used for the treatment of skin conditions, including menthol with aloe vera; aloe vera with vitamin E in the form of medicated soap; silver sulfadiazine (used for burns) with an antiseptic agent, aloe extract and vitamin; calamine lotion with aloe and a natural substance (for skin irritation);
- Combination of a migraine medicine with one to prevent nausea;
- Combination of the drug mefenamic acid — usually used for menstrual cramps — with anti-fibrotic medicine tranexamic acid;
- Combination of sildenafil, the active ingredient in the erectile dysfunction drug Viagra, with a drug that relaxes blood vessels and muscles.

Are these drugs still available?
Manufacturers have been told to immediately stop producing, stocking, and selling these drugs, says the government notification. However, they are likely to remain available in the market for some time.

So what can happen if you consume one of these banned FDCs?
These medicines may have been in the market for years, and thousands of people may have consumed them already. Having one now is unlikely to cause any harm.

What was the need to ban them, then?
These "irrational" combinations have been banned because they contain ingredients that either do not work well together or have ingredients that are not needed by patients to be taken together.

A major reason is to take combinations of antibiotics out of circulation, because the unnecessary consumption of antibiotics can lead to increase in antibiotic resistance — which means increasingly higher doses or stronger antibiotics are needed for the treatment of even simple infections.

Despite the earlier bans, a 2023 study found that FDCs as a proportion of total antibiotics sold in India had actually increased from 32.9% in 2008 to 37.3% in 2020.

The study noted that India has among the highest number of FDCs in the market anywhere in the world, many of which were potentially inappropriate. "In India, of the 4.5 billion standard units of antibiotic FDCs sold in 2020, 41.5% were attributed to combinations listed as 'not recommended' by WHO," the study said.

Another reason for the ban is the pricing control on essential medicines. The government decides ceiling prices for these medicines based on average market prices. Companies are known to create FDCs to escape the pricing control mechanism.

Why has the government acted now?
The action is in line with the government's effort to weed out irrational medicine combinations that have entered the market over the years. These banned drugs were initially approved by various state licensing authorities without any trials for combinations because the ingredients were individually approved, the senior ministry official said.

"The new drugs and clinical trial rules of 2019 make it clear that fixed dose combinations are to be considered as new drugs, and as such have to be approved by the central drug regulator. This has helped in bringing down the number of these irrational combinations available in the market," the official said.

In 2012, a parliamentary panel first highlighted the problem of irrational drug combinations receiving such approvals. The government set up a committee in 2014 to examine 3,450 FDCs approved for manufacture and sale in the country after 1988. The committee found 963 drugs to be irrational, and suggested an immediate ban. It also identified a set of FDCs which needed to be studied further. Of these, 499 have been banned so far.

Relevance: GS Prelims & Mains Paper III; Science & Technology
Source: Indian Express

3. Conflict of Interest in SEBI Chairperson's Role

Why in News?

A recent report by Hindenburg Research has brought to light serious conflicts of interest involving the chairperson of the Securities and Exchange Board of India (SEBI). This has raised concerns about the integrity of the regulatory body. Two responses were issued on August 11: an unsigned statement from SEBI and a joint statement by Madhabi and Dhaval Buch, confirming the accuracy of Hindenburg's claims. The Central government, responsible for appointing SEBI's members, must provide explanations to stakeholders.

Government Awareness and Disclosure

Hindenburg revealed that in 2015, Madhabi and Dhaval Buch invested over ₹5.6 crore in a Bermuda-based fund through IIFL Wealth & Asset Management Limited. The investment was managed by Anil Ahuja, a childhood friend of Dhaval Buch and a director of Adani Enterprises at the time. This raises questions about whether the Central government was informed of this investment before Madhabi Buch's appointment to SEBI and if the Board approved her holding in the fund after her appointment.

Impact on the Adani Group Investigation

These revelations are significant for SEBI's ongoing investigation into Adani group companies and the Supreme Court's January 2024 order. The Court ruled against transferring the investigation to a Special Investigation Team (SIT) or the CBI, citing insufficient grounds. However, the Expert Committee noted that regulatory changes in 2018 and 2019 hindered the identification of ultimate beneficial owners of offshore funds. SEBI's approval of the Adani group's acquisitions during Madhabi Buch's tenure as chairperson and her prior investment connections raise concerns about potential bias and the need for an independent probe.

Other Conflicts of Interest

Hindenburg also flagged concerns about Madhabi Buch's shareholding in two consulting firms, Agora Advisory and Agora Partners, which she claims became dormant after her SEBI appointment. However, records show that Agora Advisory Private Limited, where she owns 99% of shares, was still active as of March 2024 and generated significant revenue during her tenure at SEBI. This dual role violates SEBI's Code on Conflict of Interests, implicating not only the chairperson but also the Board and its appointing authority. Additionally, SEBI's promotion of Real Estate Investment Funds (REITs), benefiting her husband's employer, Blackstone, suggests further conflicts.

Call for Systemic Reforms

The conflicts of interest involving the SEBI chairperson are evident from her own statements and actions. SEBI's attempt to discredit Hindenburg's revelations by citing the latter's conflict of interest as a short-seller does not diminish the validity of the concerns raised. Addressing these issues is crucial for restoring the credibility of SEBI.

With a growing number of retail investors participating in India's securities market, a compromised regulator poses significant risks to financial security and stability.

Relevance: GS Prelims & Mains Paper III; Economics
Source: The Hindu