

# POCKET MONEY

Brief on what they kept from you  
about your money this week

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# 01

## Hike in prices of essential drugs, cuts in windfall tax on crude oil. Priorities!

The government approved a 12.12% hike in the price of essential drugs on top of the 10.8% hike last year blaming to high import costs. While the government seems to be considerate to the pharmaceutical giants by giving them an inflation adjusted price, it is a move that squarely hurts the most vulnerable, the poor who bear the brunt of price rise. Who else is the government considerate towards? Yes, the oil giants. The government last week also brought down the windfall tax on crude oil (levied on super-normal profits owing to fuel crisis triggered by the war in Ukraine) from INR 3500 per tonne to 0. This while the NREGA workers are still on the streets protesting drastic budget cuts. Priorities!

# 02

## IFC stops financing coal: More needs to be done

The International Finance Corporation (IFC), the private sector lending arm of the World Bank Group, has announced that it will no longer finance new coal projects. The decision comes as part of the IFC's commitment to support the transition to renewable energy and to align its investments with the goals of the Paris Agreement. The announcement has been welcomed by environmental groups, who have long campaigned for an end to coal financing. It has immense implications for India as banks here, such as Federal Bank, have received financial intermediary funding from IFC and have exposure to coal. While the steps come a little late, IFC needs to carry the momentum and extend its commitment to the oil and gas sectors. Similarly, Indian banks and finance institutions too need to follow suit and implement mandatory safeguard mechanisms.

# 03

## Repo rate & Inflation: RBI abandons the poor?

It has been a long tug of war between the government and the RBI. The government has been largely worried about the growth figures that have been taking a dent due to the repo rate hikes. The RBI, on the other hand, is legally mandated to control inflation which it has been doing by raising the interest rates since last summer. And hence, its decision to pause the repo rate hikes came as a surprise to many. The law mandates the RBI to adhere to the comfort zone of 2-6% when it comes to inflation. So, the decision to pause the counter-inflationary measure when for the better part of the last 14 months inflation has been well above the upper limit, is clearly one that gives away the country's priorities. The poor are certainly not one.

The move is likely to give a breather to the stock market and the financial systems, it will however prove a blow to the already suffering poor as they bear the brunt of price rise. With the recent cuts in social and welfare expenditure in the budget, the anti-poor stance on financial policy continues.

# 04

## NGT stays work on Nicobar Project citing flawed Clearance

National Green Tribunal has put a stay on Rs 72,000 crore Nicobar development project based on petitions by Conservation Action Trust & environmentalist Ashish Kothari. Experts have pointed out irreversible ecological & social harm the project is likely to cause. NGT has formed a committee to revisit the clearance granted to the project, headed (ironically) by the Secretary of the same Ministry of Environment, Forests & Climate Change, that granted the clearance in the first place. While the stay is significant, if we look closely, the observations by NGT seems to suggest that it has by and large abdicated its responsibilities. For instance, it observes, “While forest is of great significance in tackling air pollution and climate change, development cannot be totally ignored.. There is need not only for economic development but also national security.” On the matter of environmental clearance again, it says that while EIA procedure is mandatory, a “hyper technical approach” overlooking “development and national security” does no good. Such observations are a disservice to its own existence. We must keep a close track of developments hereon, lest public money is used to fund the destruction of the island.

# 05

## SEBI briefs SC on Adani-Hindenburg probe

Even as government stonewalls questions on the issue, the Securities and Exchange Board of India (SEBI) was made to brief a Supreme Court-appointed committee on the Adani-Hindenburg matter. Hindenburg Research had accused Adani of diverting funds from foreign investors to other Adani Group companies. The SEBI informed the committee that it had initiated an investigation into the matter and had sought clarification from Adani on certain allegations made by Hindenburg. The SEBI stated that it had also examined the disclosures made by Adani Group companies in the past and had found no violations. Emphasising that it would continue to closely monitor the situation and take appropriate action if any violations were found, SEBI is expected to present its findings in two months so that public scrutiny can be avoided. The Adani Group has denied all allegations made by Hindenburg.

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