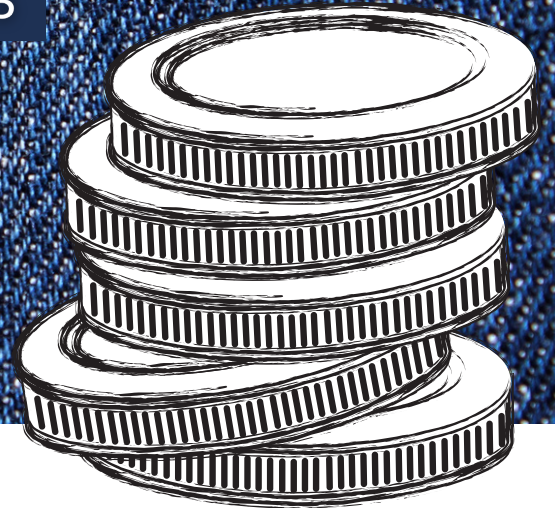


# POCKET MONEY

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

6th January, 2023



# 01

## SC holds demonetisation decision as not illegal, BJP trumpets verdict as vindication

In the much awaited judgement on demonitisation the Supreme Court held on Monday that the decision was not illegal or flawed. Not going into the question of whether it was successful or not, nor going into its socio-economic impact, the court set for itself the limited task of examining whether the decision was legal or not. And pronounced that it was indeed so. The ruling BJP lost no time to trumpet the decision as vindication, as it has faced relentless criticism from economists, social workers, political parties, the informal sector and the poor who paid for it with their lives & livelihoods. Commentators expressed reservations with the judgement. Prasanna Mohanty pointed out "By not questioning Centre's contrarian economic wisdom, RBI's acquiescence and its own delay of 6 years to decide the writs, the court has failed to bring checks and balances and prevent recurrence."

# 02

## With no data comes no responsibility

The present government seem to believe in the above mantra. Apart from hyperboles and hatemongering, one of its prime tools to distract attention from several pressing concerns around our economic health has been denial of data. We saw the resignation of Statistical Commission experts in protest against such efforts to delay data around jobs. The Labour Bureau's quarterly enterprises surveys was discontinued in March 2018. The annual Employment-Unemployment Survey was also scrapped in 2017. The message: "sab change si". And any private survey that seem to counter this message, comes under fire.

The most recent such instance is a finding of the Centre for Monitoring Indian Economy that showed that the unemployment rate in India had risen to a 16-month high of 8.3% in December. The Union Labour Ministry in fact came out with a press note titled "Rebuttal to the news of Unemployment rate" raising methodological concerns about such surveys by private companies. This is a government that has claimed to have had no data on number of migrants who died during lockdown, number of deaths caused by manual scavenging, number of deaths during the farmers' protests, number of deaths of healthcare staff during the pandemic, the list can go on. So much so that the opposition calls it the "No Data Available (NDA) government".



# 03

## RBI Report pushes for private investments in climate finance

The Financial Stability Report released by the RBI at the end of the year reports that Emerging Markets and Developing Economies must expand their investments in clean energy to US \$1 trillion annually by 2030. It further remarks that with public institutions stretched to the maximum, climate and mitigation finance needs to be steered by private finance.

The report accepts that institutional allocation of funds are hampered due to the low Environmental Social and Governance (ESG) scores of firms. This shows the sorry state of affairs when it comes to climate commitments. And this is despite the fact that ESG framework itself has come under criticism for its inadequacies. It effectively is a metric that attempts to quantify climate impact with no verification of the supposed claims being made by the companies and no provision for redressal of grievances arising from the impact of a said project. It thereby ends up as an instrument that facilitates gaining capital in the name of green investments. The need to actually address the climate crisis and mitigation is to ensure strong environment and social safeguard policy for institutions.

# 04

## The sinking city: Joshimath disaster highlights the urgent need for social & environmental safeguards

With hundreds of houses developing cracks as a consequence of infrastructural and climate impact and people rising to protest administrative laxity, the government has woken up to the fact that the high-altitude town in Chamoli district in Uttarakhand is gradually 'sinking.'

The ecological and human disaster unfolding before our eyes demonstrates the high costs & irreparable damage of development without social and environmental safeguards. As experts point out, the impact of NTPC's Tapovan-Vishnugad hydro project & Helang bypass has led to this. Chamoli administration has scrambled to order NTPC & Hindustan Construction Ltd to prepare 2,000 shelters for the impacted population, & stopped all project activity. Such high environmental, social & financial costs underline it is high time that in addition to state laws, safeguard policies are mandatorily made part of lending by financial institutions funding such projects.

# 05

## More voices bat for wealth tax

Not just the ones on the left end of the spectrum, now even those on the economic right in India seem to be arguing in favour of a wealth tax. Since the pandemic, we have seen such a demand being raised from the top of the UN. We have seen such concerns being raised even at Davos. We have also seen steps towards it in even UK and US.

Former Finance Secretary Subhash Chandra Garg in his take on the what the new budget should look like, in fact, advocated for a wealth and emission tax to be envisaged to increase the revenues of the government. Given that private wealth in the hands of the super rich has seen a stupendous rise in India in recent years, a tax on wealth he said would be a prudent step. A tax on carbon emission, he said, is hugely untapped. If implemented sensibly, it has the potential, as argued by Dr Rohit Azad, to tax those at the top who are responsible by far for most of the emissions.