

“The Political Economy of Regulation in India-What do we need to do?”

- A Roundtable on Saturday, March 28, 2009, New Delhi

Objective

To debate and evolve a consensus on regulatory approaches in key sectors of the Indian economy, particularly in the current economic context and aid the growth process

Background

Appropriate regulation, competition policy and law are fundamental requirements in a market oriented economy. *Competition and Regulation in India, 2007* looked at competition policy and law in India. The second report in the same series looks at sector regulation, especially constraints posed by political economy and flaws in implementation. It concludes that the basic problem confronting almost all sectors is inadequate competition due to policy impediments and poor regulation, which adversely affects their growth.

For example, the presence of barriers to entry in the higher education sector perpetuated by control of fees and syllabi has adversely affected both its quality and quantity. In the power sector, government monopolisation and subsidised provision of power to rural areas has not only left the government with large deficits and poor infrastructure, but failed to even promote equity.

Heterogeneity in regulations and concessions given to government entities are impeding competition in the port sector. In the airlines sector, monopolistic tendencies still exist in the supply of fuel and airport facilities.

A perception survey done over both the 2007 and 2009 reports indicates that general awareness among people regarding competition and regulatory issues is increasing and this momentum can be used for better stakeholder engagement. It is not only important to focus on the traditional barriers to competition mentioned above but also look at how competition and regulatory regimes can adapt to current economic problems, such as the financial meltdown and the resulting global economic recession.

Hence, the purpose of this roundtable is to review regulatory performance in key sectors of the Indian economy with the objective of catalysing better policy responses, as well as debate and chart a way forward for competition and regulatory regimes, particularly in the context of the incumbent economic downturn.

Context

Against this background, *CUTS Institute for Regulation & Competition (CIRC)* in association with *CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER)* with the support of British High Commission, New Delhi, is organising a Roundtable.

The Roundtable will be marked by the release of the report, *Competition and Regulation in India, 2009* which discusses the issues mentioned above.

Venue

Cinema Hall, Russian Cultural Centre, 24, Feroz Shah Road, New Delhi