

Regulatory instruments such as policies, legislations, rules, and regulations etc. (regulations) have widespread impacts, which affect multiple stakeholder groups in different ways. A sub-optimal regulation has the potential to increase the cost of administration and compliance, raise complexity and uncertainty associated with obligations, and most importantly, limits the likelihood of achievement of its objectives. Therefore, it is of paramount importance to understand the impacts of any regulation, proposed or in operation, to achieve favourable outcomes.

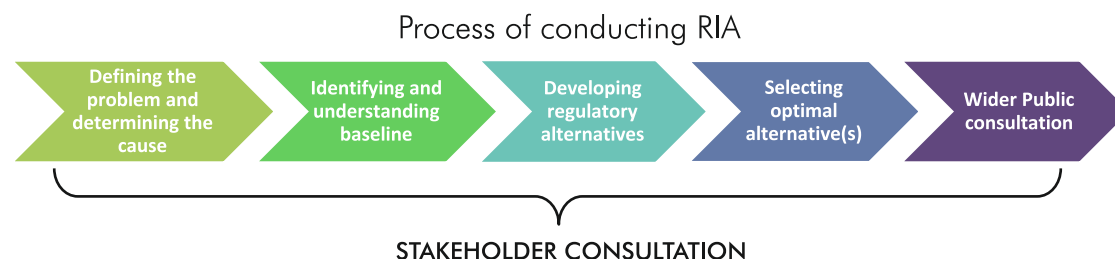
RIA is a process of systematically identifying and assessing the direct and indirect impacts of regulatory proposals and existing regulations, using consistent analytical methods. It involves a participatory approach via public consultation to assess such impact, determination of costs and benefits, and selection the most appropriate regulatory alternative.

Benefits

Implementation of RIA improves overall regulatory quality, by factoring all the relevant expectations of stakeholders. Rigorous and transparent assessment of costs and benefits also increases the acceptability of regulation.

The One-in, Two-out Policy in UK resulted in net reduction of £836 million in costs to the business between 2010-2013. The Red Tape Challenge in UK resulted in £300 million in annual saving to 100,000 small businesses from increased flexibility and audit requirements.

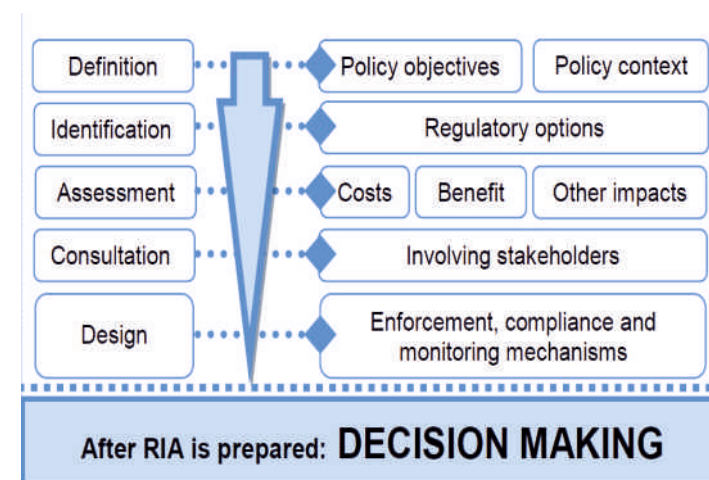
Several expert committees have recommended adoption of RIA in India. These include the Planning Commission, the Financial Sector Legislative Reforms Commission, and the Damodaran Committee on Reforming Regulatory Environment for Doing Business in India.



- What is the problem being solved, and why did it emerge?
- *What will happen if the government does not act?*
- What kinds of regulatory, co-regulatory or non-regulatory actions could be envisaged to address the problem?
- *What are the consequences of possible actions?*
- Why is the proposed solution the best one? Does it best solves the problem by achieving maximum net benefit?
- *Can the government implement the policy effectively?*

CUTS Interventions on RIA

1. Knowledge Partner to Planning Commission Working Group on Business Regulatory Framework
2. *Inputs to NITI Aayog on drafting the Regulatory Reform Bill*
3. Inputs to Ajay Shankar Committee on Streamlining Regulatory Approvals
4. *RIA study in Electricity Generation Sector which highlighted costs to stakeholders of delay in key approvals and sub-optimal regulations*
5. RIA study in Banking Sector which highlighted costs to stakeholders to sub-optimal debt recovery process
6. *Advocacy and Capacity Building on RIA*



Source: OECD (2008)

Services offered

1. Training programmes on RIA
2. Sector specific RIA studies
3. Support on adopting and institutionalising RIA
4. Implementing 'regulatory guillotine' to reduce regulatory burden and remove archaic regulations
5. Reducing government expenditures, and improving efficiency
6. Fast action to reduce burdens on SMEs
7. Improving investment environment and ease of doing business
8. Improving competitiveness of states
9. Licensing and inspection reforms
10. Improving stakeholder consultation and management
11. Research and diagnostics on regulation
12. Reforms in monitoring and evaluations
13. Governance reforms of independent utility regulators

Knowledge partners include

Scott Jacobs, Managing Director, Jacobs, Cordova and Associates, United States.

Scott Jacobs is a leading global expert and author with 30 years of experience in regulatory reform and good business environments.

He has worked with over 90 developing and industrialized countries in Europe, Asia, Africa, and the Americas in designing and implementing some of the largest regulatory reforms in the world and as well as targeted policy/sectoral reform



About CUTS International

Consumer Unity and Trust Society (CUTS) is a non-government non-profit organisation established in 1983-84 spearheading evidence based policy research, advocacy and networking on contemporary issues of economic regulation, trade and development, competition and good governance. It has three resource centres in Jaipur, one each in Calcutta, Chittorgarh and New Delhi in India and five overseas centres: in Lusaka, Nairobi, Accra, Hanoi and Geneva.

About CIRC

CUTS Institute for Regulation & Competition (CIRC) was established in 2005 by CUTS International. With the mission to be a *Centre of Excellence on Law and Economic Issues*, CIRC primarily focuses on economic regulation in infrastructure sectors, and competition policy and law with an objective of reaching out to the target audience in India and other developing countries in Asia and Africa.

Details of CUTS RIA projects:

<http://www.cuts-ccier.org/BHC-RIA/index.html>

<http://www.cuts-ccier.org/ADB-RIA/>



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Promoting Regulatory Impact Assessment for Better Regulation



- Regulations influence behaviour and have widespread impacts
- Such impacts need to be estimated prior to adoption of regulations
- Regulatory Impact Assessment answers 'if' and 'what' kind of regulations are required

