

## CUTS International

### Press Release

#### Regulatory Impact Assessment: An idea whose time has come

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Regulatory Impact Assessment (RIA) is an idea whose time has come and Indian policy makers can no more turn away from making concrete efforts towards its adoption. This was the key message that emerged from the joint seminar conducted by CUTS International and National Institute of Public Financial and Policy (NIPFP) on the issue. The seminar witnessed participation from a wide variety of experts, including former regulators, bureaucrats, think tanks, researchers and media.



Bimal Jalan, Former Governor, Reserve Bank of India, while delivering the opening remarks, mentioned that the financial markets have grown at a tremendous speed with which regulatory agencies are yet to catch up.

Stressing on the need for RIA, he mentioned that it could help regulatory agencies in bridging this gap, and lauded CUTS for taking up the initiative of informing stakeholders of the importance of RIA.

CUTS has implemented a project on Facilitating Adoption of RIA in India, with support from The British High Commission. Several advocacy and capacity building programmes have been conducted under this project, collaboration with different research institutions and think-tanks.

Agreeing with Mr. Jalan on the need for RIA, Ashok Chawla, Former Chairperson, Competition Commission of India (CCI), noted that regulatory agencies need to build internal capacities to undertake RIA and until they are ready to undertake a comprehensive RIA, a partial RIA in formal of ascertaining impact of regulations on competition could be conducted. The CCI has taken up this initiative of Competition Impact Assessment and CUTS has been empanelled among few other relevant institutions to undertake this task.

Arvind Mayaram, Former Finance Secretary, noted that a culture of distrust between policy makers and stakeholders has developed in policy making. RIA informs policy makers with actual evidence while taking into account stakeholder concerns. Hence, it has the potential to improve this situation.

Ajay Shankar, Former Secretary, Department of Industrial Policy and Promotion, noted that there was considerable impatience in the country of not becoming a truly liberal market economy. It was necessary for the country to reach a certain inflection point, after which uptake of RIA could be facilitated. He lauded CUTS efforts, which are in this direction.

Under its project, CUTS has undertaken case studies on RIA in banking and insurance sectors. The RIA Report on Insurance Sector: Facilitating Investments and Enabling Access was released in this seminar and the findings of banking sector study, which focused on debt recovery issues, were discussed, and appreciated.



Rathin Roy, Director, NIPFP, noted that the line between regulation and control needs to be remembered and the regulators need to be mindful of costs and benefits of the regulations they propose. Agreeing, Ajay Shah, Professor, NIPFP noted that there is a need for clarity that regulation is about addressing market failure.

Pradeep S Mehta, Secretary General, CUTS, noted that while CUTS has taken up this agenda, it cannot be the lone voice to push for RIA. He urged other stakeholders to join hands to push the government to adopt RIA, as it is a critical reform whose time has come.

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