



# CUTS Centre for Competition, Investment & Economic Regulation

Publications Digest • 2016

CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER) produces this document for informing the relevant stakeholders its major publications in 2016



#### Competition and Regulation in India, 2015

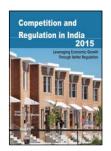
#### Leveraging Economic Growth through Better Regulation

The India Competition and Regulation Report (ICRR 2015) is a compendium of policy research on the status of competition and regulation in India spanning across sectoral and institutional dimensions. This volume is fifth in the series of biennial reports, since 2007.

The fifth ICRR Report is timely as it coincides with the efforts of the government to introduce the Regulatory Reform Bill which aims to bring parity across all regulatory institutions by ensuring healthy competition, orderly development of infrastructure services and protecting the interests of consumers.

The Report covers sectors, such as Broadcasting, Highways, Higher Education, Banking, and cross cutting sectors: bringing back competition in multilateral trade discussions, independence and competence of regulatory institutions, regulation in developing countries: growing pains of the Indian merger review regime.

www.cuts-ccier.org/ICRR2015/pdf/Competition\_and\_Regulation\_in\_India-2015\_Leveraging\_Economic\_Growth\_Through\_Better\_Regulation.pdf

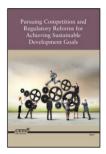


#### Pursuing Competition and Regulatory Reforms for Achieving SDGs

In September 2015, countries adopted the 2030 Agenda for Sustainable Development along with a set of 17 'goals' referred to as Sustainable Development Goals (SDGs) to end poverty, protect the planet, and ensure prosperity for all. World leaders agreed to develop structured national action plans to achieve these ambitious 'global goals' through the participation of both state and non-state actors. The international community made commitments to support such processes and programmes.

CUTS' mission of is well aligned with a number of these SDGs. Hence, it endeavoured to explore how some of its initiatives under specific programmatic areas synergise with some of the SDGs. Pursuant to this ambition CUTS envisaged this volume. It presents a set of 16 papers contributed from across the globe from Australia to Argentina and will enhance the visibility of competition and regulatory reforms in the context of the achievement of the SDGs. The volume was released at the Fourteenth Session of UNCTAD at Nairobi, Kenya, on July 17-22, 2016.

www.cuts-ccier.org/CREW-Final\_Conference/pdf/ Pursuing Competition and Regulatory Reforms for achieving SDGs.pdf



#### Regulatory Impact Assessment in the Insurance Sector in india:

Facilitating Investments and Enabling Access

This study undertook Regulatory Impact Assessment (RIA) on few of the critical issues in the insurance sector including investments in the sector, expenditures by insurance companies and lastly retention of customers which has been a major challenge.

The regulatory architecture of a nation also plays a major role in the growth of a sector as complicated structures or uncertainty can create a business unfriendly environment, thereby impacting investments. Every regulation is designed to achieve certain objectives and the relevant regulations were analysed keeping this in mind, to understand the impact – both positive and negative, on stakeholders.

www.cuts-ccier.org/BHC-RIA/pdf/

 $Regulatory\_Impact\_Assessment\_in\_Insurance\_Sector\_in\_India\_Facilitating\_Investments\_and\_Enabling\_Access.pdf$ 

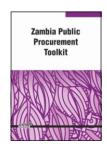


Public procurement refers to the purchase by governments and state-owned enterprises (SoEs) of goods, services and works. Public procurement is estimated to account for between 10 and 15 percent of gross domestic product (GDP) and is one of the biggest areas of spending by a government. In Zambia, an estimated 10 percent of GDP is spent on public procurement.

This document is designed to provide a basic checklist covering the steps in a normal procurement cycle. It aims to simplify the requirements under the law, and build-in a procompetitive framework for procurement officers to rely upon.

 $www.cuts\text{-}ccier.org/CREW/pdf/Zambia\_Public\_Procurement\_Toolkit.pdf$ 





### Leveraging Regional Policy Successes to Improve Interventions by the FRA and the performance of maize markets in Zambia

The goal of this paper was to undertake case review of national strategic grain reserve institutions in the sub-Saharan Africa (SSA) region to provide evidence-based practices of good policy interventions that have been undertaken with minimum market distortionary effects on maize (staple food) markets.

Specifically, it aimed to conduct an extensive analysis of strategic grain reserve agency operations in the region to identify demonstrated good practice of policy implementation; and provide recommendations on which of these can work for Zambia, given the current status of maize markets, and outline the actions that can to be undertaken to achieve the stated recommendations.

www.cuts-ccier.org/CREW/pdf/Report-

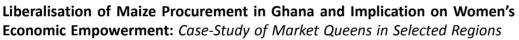
Leveraging\_Regional\_Policy\_Successes\_to\_Improve\_Interventions\_by\_FRA\_and\_the\_performance\_of\_maize\_markets\_in\_Zambia\_NC.pdf



The report provides an analysis of the current urban public transport system focussing on intra-city transport in Zambia, Lusaka in particular. The report uses some of the data from the Competition Reforms in Key Markets for Enhancing Social and Economic Welfare (CREW) project to describe the status quo of public transport system in the capital city highlighting various issues such as availability, safety and quality of public transport to mention a few.

Using in-depth interviews conducted with relevant stakeholders involved in public transportation, the report further highlights the need for working around some of the impediments in the public transport system brought out in the CREW study through the introduction of route rationalisation.

www.cuts-ccier.org/CREW/pdf/Report\_Route\_Allocation\_in\_Lusaka\_Bus\_Transport\_System.pdf



Ghana's domestic maize trade is largely dependent on a network of private women traders who dominate the local and regional markets while larger groups of wholesalers engage in spatial arbitrage across regions/districts. These women traders are referred to as 'Market Queens' (MQs). The study presents analysis of liberalisation of maize procurement in Ghana and implication on women's economic empowerment.

Specifically, the study examined the activities of MQs and their contribution towards women's economic empowerment and employment opportunities, price setting mechanisms, types of support provided by MQs to the farmers, support of the state and perception of MQs on the effect of the introduction of the commodity exchange in Ghana.

www.cuts-ccier.org/CREW/pdf/

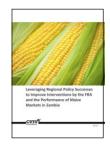
 $Liberalisation\_of\_Maize\_Procurement\_in\_Ghana\_\$\_Implications\_on\_Women\_Economic\_Empowerment.pdf$ 

#### Mobile Internet Services in India: Quality of Service

This study attempts to bring together secondary and primary data to sift issues and provide evidence-based policy recommendations towards better enforcement of Quality of Service (QoS) for mobile internet services.

It focussed on collecting measurements from several rural and urban areas on the QoS consumers receive from various 2G/3G service providers in India. Data was collected from service providers, such as Idea, MTNL, Airtel and Reliance across rural and urban areas of Madhya Pradesh, Jharkhand and Delhi. The report will stimulate public debate on issues pertaining to QoS and their effective implementation by the regulator.

www.cuts-ccier.org/QOSII/pdf/Mobile\_Internet\_Services\_in\_India-Quality\_of\_Service.pdf









#### Transforming Electricity Governance in India:

Consumer Participation and Protection in Regulatory Practice

The report narrates the evolution of the legal and institutional architecture for consumer protection and participation in the Indian electricity sector. It provides a comprehensive assessment of consumer grievance redressal in the selected five states and identifies gaps in grievance redressal and protection of electricity consumers and the resulting impact on consumer voice in the sector.

It also looks into the implementation of provisions made under the Electricity Act for consumer participation and representation in regulatory proceedings and identifies relevant provisions and then assesses the extent of their adoption, institutionalisation and effectiveness in the selected states. The report analyses the experiences of four countries, viz. US, UK, Australia and Brazil, and draws relevant lessons for India.

http://www.cuts-ccier.org/CPSER/pdf/CUTS\_Research\_Report-Transforming\_Electricity\_Governance\_in\_India.pdf



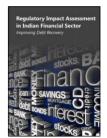
#### Regulatory Impact Assessment in the Indian Financial Sector:

Improving Debt Recovery

RIA has been adopted in several jurisdictions and shown promising results. There is no reason that India should remain deprived of this tried-and-tested model of regulation making. It was for this reason that The British High Commission, New Delhi, supported this two-phase study on RIA undertaken by CUTS International.

The objectives of this study are to generate evidence of utility of RIA in India, and prepare a cadre of individuals who understand the benefits and process of RIA. In order to generate evidence of utility of RIA, it is necessary to conduct RIA on existing regulations, for which banking and insurance sectors were selected. This report deals with the issue of debt recovery in the banking sector.

 $www.cuts\text{-}ccier.org/BHC\text{-}RIA/pdf/Research\_Report\_in\_Banking\_Sector.pdf$ 



### Zambia Food Reserve Agency Pricing Mechanisms and the Impact on Maize Markets

This report investigates and provides an understanding of Food Reserve Agency's (FRA) pricing mechanisms in the maize market in Zambia by assessing FRA's rationale for setting the maize floor price; the price determination process; and the floor price effect in maize markets in the country. Analysis reveal that setting a floor price in maize markets is based on welfare and political concerns, and is aimed at providing adequate production incentives and stabilising maize prices for farmers.

The report lay emphasis on three major factors to influence price determination by the FRA in particular years before, during and after elections and expected sales. The report found that a one percent increase in expected sales leads to a 0.5 percentage increase in FRA price and a 1.7 percentage increase in quantities purchased.

www.cuts-ccier.org/CREW/pdf/ Zambia\_Food\_Reserve\_Agency\_Pricing\_Mechanisms\_and\_the\_Impact\_on\_Maize\_Markets.pdf



### Understanding and Addressing Competition & Regulatory Barriers to Growth of Payments Banks in India

Digital payments will be key enablers for extension of formal financial services to the hitherto excluded. Reliance on technology is expected to reduce costs of serving the poor and build transaction history to aid design of customised financial products and services for the poor. The government has realised the potential of digital payments and thus, is working towards putting in place optimal policy and regulatory framework.

The objective of this study is to identify competition and regulatory bottlenecks that could act as stumbling blocks to the growth of payments banks. CUTS further suggested recommendations for course correction in order to avoid such bottlenecks. In order to undertake research and gather evidence, CUTS used elements from tools, such as Regulatory Impact Assessment (RIA) and competition impact assessment (CIA).



www.cuts-ccier.org/PaymentsBanks/pdf/

### Impact of Current Market Dynamics on Paddy and Wheat Farmers in Muzaffarpur, Bihar

This report attempts to study the implications of recent agricultural reforms on small and marginal farmers and relevant stakeholders in a specific location in Bihar (Muzaffarpur district), as per the advice of local experts. The report attempts to extract certain measures that can help farmers increase their income and meet the food security needs of their families as envisaged under the Agriculture Roadmap (2012-17).

The study was undertaken in Muzaffarpur District which houses one of the biggest 'mandis' of Eastern India. Primary information and secondary (where needed) was collected from farmers, the Primary Agriculture Credit Societies (PACS), private players, local aggregators and local agriculture officers.

www.cuts-ccier.org/crew/pdf/

Impact of Current Market Dynamics on Paddy and Wheat Farmers in Muzaffarpur-Bihar.pdf



#### Sectoral Framework for Competition Reforms: Staple Food

Staple food sector is a key sector for developing country consumers because of its importance in their daily food requirement, and resulting effects on food security, overall health and social wellbeing. Given this importance of staple foods, it is essential to ensure that the sector is free from inefficiencies and distorted policies. Further, it is also an extremely important sector for small producers (farmers) in developing countries – given that the agriculture sector continues to be the biggest employer in the developing world.

This guide helps assess the impact of components of competition and regulatory reforms on consumer/producer welfare; and use the evidence to facilitate introduction of competition and reforms in the sector.

www.cuts-ccier.org/CREW/pdf/FCR-Sectoral-Staple\_Food.pdf



#### Sectoral Framework for Competition Reforms: Bus Transport

Bus transport is one of the most critical sectors of an economy, offering low-cost and efficient means of transportation to the masses. Its importance is higher in developing economies which often lack adequate mass transport infrastructure, resulting in greater reliance on bus transport for commuting. Given that ordinary consumers spend significant amount of time and money on transportation services, it is critical to provide affordable and quality bus service for them. It is also a sector that provides economic opportunities and jobs for small entrepreneurs and semiskilled/unskilled youth as well.

This guide helps assess the impact of competition and regulatory reforms on consumer/producer welfare; and use the evidence to facilitate/advocate introduction of competition and regulatory reforms in the sector.

www.cuts-ccier.org/CREW/pdf/FCR-Sectoral-Bus\_Transport.pdf



#### **DISCUSSION PAPERS**



#### **Designing Effective Leniency Programme for India:** Need of the Hour

Cartels are considered to be the most egregious competition law offence. Leniency programmes in different countries may mutually reinforce these incentives on members of international cartels. Some developing countries have anti-cartel leniency programmes. If other developing countries were to adopt leniency programmes, a political commitment to fight cartels is necessary for such a programme to be effective.

This paper focusses on the importance of the leniency programme, the ingredients to ensure its successful implementation in India and the paper also reviews the experience of other developed countries to draw relevant lessons for India.

www.cuts-ccier.org/pdf/Designing\_Effective\_Leniency\_Programme\_for\_India-Need\_of\_the\_Hour.pdf

#### **DISCUSSION PAPERS**



#### Cost of Monopoly in Bus Transport: Case of Gujarat

This Discussion Paper builds upon the CREW Project's findings in relation to the intercity bus transport system in Gujarat, India. The existing project analysed the interstate bus transport system in Gujarat with an emphasis on areas where the introduction of competition could potentially increase performance outcomes.

The goal of this paper is to understand why the existing inefficiencies exist and how to overcome political opposition to introducing reforms in the sector. It uses 'political economy analysis' to identify winners and losers under the *status quo*, i.e. the groups that can be expected to oppose/support reforms to the current system of bus transport.

www.cuts-ccier.org/CREW/pdf/Discussion\_Paper-Cost\_of\_Monopoly\_in\_Bus\_Transport\_Case\_of\_Gujarat.pdf



#### Assisting Transition to Better Bus Transport Regulation in Select Countries:

A Review of Key Design Elements and Select Cases

The purpose of this paper is to act as a reference for policymakers and implementers to better understand the good practices in urban bus transport reforms. The need for developing this paper was felt in the Diagnostic Phase (Phase I) of the project under which this discussion paper has been made. The primary objective of the CREW project was to demonstrate the benefits of competition reforms for consumers and producers, so that greater attention and support is provided by the policymakers.

With scarce resources, policymakers worldwide are faced with the challenge of deciding where to allocate the resources in a manner that will maximise the net welfare gains of the population. To aid in this process of allocating resources in an optimal manner, this research will demonstrate the gains of competitive markets to consumers and producers and fill the gap in knowledge that exists.

www.cuts-ccier.org/crew/pdf/Good\_practices\_in\_Urban\_Bus\_Transport.pdf



#### Beyond a Band Aid Approach for Electricity Distribution Reforms in India

This Discussion Paper analyses issues faced by the distribution sector and evaluates the subsequent reforms *vis-a-vis* their effectiveness in dealing with the issues. It explains the pre-reform scenario of the power distribution sector in order to trace the evolution of problems faced by the sector.

The paper analyses the policy design and provisions of the Ujwal DISCOM Assurance Yojana (UDAY) through the lens of the prevalent political economy dimension within, which the policies are to be implemented and comments on its potential impact on the sector.

www.cuts-ccier.org/pdf/

Beyond\_a\_BandAid\_Approach\_for\_Electricity\_Distribution\_Reforms\_in\_India\_Political\_Economy\_Analysis\_and\_its\_Implications.pdf

#### **APPROACH PAPER**

#### **Gujarat Inter-city Transport Regulatory Authority**

The aim of the paper is to highlight the possible approaches that the Department of Transport, Government of Gujarat could consider for the development of an inter-city public transport regulator in Gujarat (Gujarat Inter-city Transport Regulatory Authority).

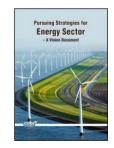


Experience suggests that effective private sector participation in this market should be preceded by development of 'rules of the game' for their engagement. This framework (inter-city public transport regulatory framework) would lay the conditions for private sector to operate side-by-side with the state-owned entity (GSRTC), and meet the growing demand for bus transport from one city in the state to the other.

www.cuts-ccier.org/CREW/pdf/Gujarat\_Intercity\_Transport\_Regulatory\_Authority.pdf

#### Pursuing Strategies for Energy Sector: A Vision Document

This document presents a strategic plan for our action-oriented; evidence-based research work in the energy sector as well as acquaint the relevant stakeholders and our



prospective partners with the organisation's strengths and expertise, and areas of interests. It clearly specifies the thematic focus of CUTS' work in the energy sector, the thrust areas within the specified themes and the list of recent interventions in the sector.

www.cuts-international.org/pdf/ CUTS\_Energy\_Vision\_Document.pdf

### Understanding the Role of Maize Market Queens in the Procurement of Maize

Maize is Ghana's most important cereal crop produced by a vast majority of households in all parts of the country. Maize marketing is traditionally a private sector system which takes place largely in informal markets. It has been observed that, Ghana's domestic maize trade is largely dependent on a network of private women traders who dominate the local and regional markets while



larger groups of wholesalers engage in spatial arbitrage across regions/districts. These women traders are referred to as Ohemaa or 'Market Queens'. The local assemblers and commission agents often act individually while the wholesalers organise themselves into associations under the leadership of Market Queens who influence the conduct of the market.

This Policy Brief examines activities of these traders and their impact on price determination, procurement methods and ascertains any uncompetitive practices in maize trade sector in Ghana.

#### Ease of Doing Business in Rajasthan

Rajasthan offers immense potential for economic growth and investment in various sectors. The Rajasthan government felt the need to tap this potential and has undertaken several reforms to improve the business environment. The assessment of the State through various reports has revealed that it has improved considerably and now ranks 8th in India as per the current



assessment of the Department of Industrial Policy & Promotion (DIPP).

This Briefing Paper makes an attempt to summarise the key reforms undertaken by Rajasthan in the area of Ease of Doing Business (EoDB) and seeks to highlight major challenges and suggests the way forward through some recommendations.

www.cuts-ccier.org/STATE-COMP/pdf/ Ease of Doing Business Rajasthan Briefing Paper.pdf

#### Ease of Doing Business in Punjab

Punjab ranked 16<sup>th</sup> in 2015 EoDB ranking by the DIPP. In 2016, the State jumped to 12<sup>th</sup> position owing to implementation of progressive reforms such as single window clearance mechanism, environmental clearance and labour.



This Briefing Paper enlists some of the key reforms undertaken by Punjab, challenges faced and recommendations to mitigate the challenges.

www.cuts-ccier.org/STATE-COMP/pdf/ Ease\_of\_Doing\_Business\_Punjab\_Briefing\_Paper.pdf

#### Ease of Doing Business in Haryana

The Haryana State Government has undertaken many reforms to improve the EoDB in the State. Some of the reforms include implementation of a Single Window Clearance system, relaxation in labour laws, faster environmental clearance etc. The reforms have helped Haryana improve its ranking from 14<sup>th</sup> to



6<sup>th</sup> among Indian states on (EoDB) business index

This Briefing Paper highlights some of the key reforms undertaken by the state government to attract investment and the challenges, which hamper the investment climate in Haryana. The Paper contains recommendations, which could further improve the conditions for doing business in the State.

www.cuts-ccier.org/STATE-COMP/pdf/ Ease\_of\_Doing\_Business\_Haryana\_Briefing\_Paper.pdf

#### Ease of Doing Business in Himachal Pradesh

In the last two years,
Himachal Pradesh has
undertaken multiple reforms to
facilitate EoDB) Progressive
reforms have been undertaken in
the paradigms of labour,
environment and electricity
permits. However, in comparison
to other states, Himachal lags
behind in ease of doing business



rankings. The state was ranked 17th in 2015 as well as in 2016 by the DIPP)in EoDB.

This Briefing Paper enlists few of the reforms undertaken by Himachal Pradesh Government and provides recommendations to address some of the remaining challenges.

www.cuts-ccier.org/STATE-COMP/pdf/ Ease\_of\_Doing\_Business\_HP\_Briefing\_Paper.pdf

#### Ease of Doing Business in Uttarakhand

The State Government of
Uttarakhand has been laying great
emphasis on stimulating all three
sectors of the economy, i.e.
agriculture, industry and services,
to their fullest potential in tandem
with the geographical profile of
the State. The State has excelled in
bringing in the Ease of Doing
Business Reforms, based on the



Action Plan provided by the Central Government.

This Paper delves into the EoDB reforms undertaken by Uttarakhand to improve its business climate. It also highlights various challenges and corresponding recommendations for the State to improve furthermore.

www.cuts-ccier.org/STATE-COMP/pdf/ Ease\_of\_Doing\_Business\_Uttarakhand\_Briefing\_Paper.pdf

#### **BRIEFS**

#### Ease of Doing Business in Uttar Pradesh

The State of Uttar Pradesh of India seems to have covered a middle ground in the Ease of Doing Business Reforms as per the DIPP's Doing Business Action Plan. The State has great potential for industrial development in terms of its abundant resources, availability of skilled and semi-skilled labour and huge consumer market.

This Briefing Paper focusses on the status of EoDB reforms in UP, highlighting key reforms undertaken and mapping of remaining challenges and recommendations for addressing the same.

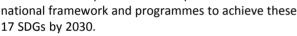
www.cuts-ccier.org/STATE-COMP/pdf/Ease\_of-Doing\_Business\_UP\_Briefing\_Paper.pdf



#### **VIEWPOINT PAPERS**

## Importance of Competition and Regulatory Reforms in Achieving the Sustainable Development Goals

World leaders adopted a set of ambitious goals for addressing persisting challenges of poverty, inequality and environmental degradation - under the aegis of the United Nations. These goals referred to as SGDs have come into effect from January 01, 2016. Governments worldwide are expected to develop

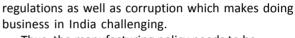


In this paper, CUTS highlights how competition and regulatory reforms can be incorporated in such national frameworks/programmes to evolve well-functioning markets that can contribute to achievement of some of these SDGs.

www.cuts-ccier.org/pdf/ Competition\_&\_Regulatory\_Reforms\_in\_Achieving\_SDGs.pdf

### Pivoting Indian Manufacturing Policy Differently

The vision of the new government with its 'Make in India' campaign is to create a manufacturing hub in the country which would, in turn, help transform the Indian economy. However, at present, there are various barriers, including inadequate infrastructure, utilities, labour laws, uncertainties associated with policies,



Thus, the manufacturing policy needs to be evaluated in light of the present challenges and available resources to enable firms to compete effectively while working with the advantages of their inherent structures.

www.cuts-ccier.org/pdf/ Pivoting\_Indian\_Manufacturing\_Policy\_Differently.pdf

#### **NEWSLETTERS/E-NEWSLETTERS**

#### ReguLetter

This is a quarterly flagship newsletter published by CUTS CCIER. The objective is to create awareness among stakeholders, particularly CSOs, who in turn lobby at national, regional and international level, on the issues related to competition and consumer welfare. It focuses on news, views and policies related to corporate restructuring, regulations of utilities and finances, corporate governance etc. of different countries, with focus on developing nations.

www.cuts-ccier.org/reguletter.htm



#### **PolicyWatch**

This is a quarterly newsletter published by CUTS CCIER. The objective is to report on policy and regulatory developments in India with the objective of informing people. This newsletter is primarily meant for Indian readers, dealing with various economic policy issues. It covers developments on policy responses, implementation and distortions. Special dedicated sections raise several interesting and relevant issues drawing attention towards their implications and impact.

www.cuts-ccier.org/pw-index.htm



#### **CUTS CCIER Activity Report**

This quarterly report summarises major activities undertaken by the Centre during the period. It provides a quick overview of various operations of the Centre and corresponding outputs.

www.cuts-ccier.org/CCIER\_Activities.htm



#### **DOSSIER**

#### **CCI Watch**

The role of the Competition Commission of India is very crucial for effective competition amongst the market players. CCIs imposition of heavy penalties and probe into sectors such as real estate, entertainment, cement, petroleum, steel, travel industry, healthcare, education, etc. have kept CCI in the limelight since past three years. The aim of CCI Watch is to review and highlight the performance of CCI through the lens of media.

www.cuts-ccier.org/CCI\_Watch.htm

#### **Competition Distortions in India**

This quarterly dossier looks at the interface of policy issues which have an impact on competition in India and which can be both negative and positive. The purpose is to flag issues to the layman as well as to the policymakers and regulators, rather than being judgmental.

www.cuts-ccier.org/Competition\_Distortions\_India.htm

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