CUTS CCIER ACTIVITIES REPORT

25 years CUTS International 1983 2008

Ongoing Project

Evolving Consumer Friendly Healthcare Systems in India

CUTS organised a National Policy Forum on 'Evolving Consumer-friendly Healthcare Systems in India – Improving Policies and Practices' in New Delhi, on May 24, 2011. The meeting was organised to share the findings of a CUTS research project entitled "Collusive Behaviour in Healthcare Delivery in India: Need for Effective Regulation (COHED project)" undertaken in two states – Assam and Chhattisgarh. The study clearly demonstrates how consumers are affected by malpractices in healthcare, which seem to originate from collusive arrangements between players in healthcare.

The seminar identified and highlighted possible ways of addressing challenges faced by consumers of healthcare services in India – through appropriate regulatory intervention and consumer actions. Healthcare services still remain inaccessible for a majority of the Indian population due to its high cost. For those, who can afford it, often the quality remains questionable, especially in the absence of stringent regulations and their effective implementation. Certain new policy directions have emerged in recent times, which provide solace to observers and critiques – but there is a need to construct a road-map for their effective implementation.

L-R: Rijit Sengupta (CUTS); Dr. Sukumar Vellakkal (PHFI); Lipika Nanda (Family Health International); and S Srinivasan (LOCOST)

One of the issues resonated by a number of speakers was the loose nature of healthcare regulation in the country – and the need to evolve a dynamic outline in the interest of consumers. Addressing the meeting, Arun Jha, Joint Secretary, Department of Pharmaceuticals indicated that the government is developing a standard treatment protocol and aiming to incorporate the cost of healthcare *vis-à-vis* such a protocol to curb the divergence that exists in healthcare pricing at the moment.

A consensus seems to be emerging that civil society organisations (CSOs) need to join forces to evolve an effective and dynamic framework for healthcare regulation in the country, to expedite and complement government initiated processes.

Participants at the workshop

CUTS has undertaken field-work in two states of Assam and Chhattisgarh with support from Oxfam India to document consumer concerns emanating from collusive and deceptive practices in healthcare. The findings of the fieldwork were also shared in this meeting, so that appropriate remedial actions can be identified and advocated.

www.cuts-ccier.org/COHED

Raising Stakeholders' Demand for Renewable Energy in India

CUTS with support of the Climate Works Foundation, US through the Shakti Sustainable Energy Foundation (SSEF), New Delhi initiated a project entitled 'Demand Side Management & Renewable Energy in India: Capacity Building of CSOs – DREC Project' for the capacity building of consumer groups in two states of India, i.e. West Bengal & Gujarat. The focus of the project would be on the capacity building measures for consumer groups so as to better prepare them to carry out need based advocacy and participate in policy and regulatory processes related to the renewable energy sector. This would help in creating demand from the consumers' end, which would build up pressure for appropriate actions by relevant authorities.

L-R: Keya Ghosh (CUTS); Natasha Bhan (SSEF); Prasad Ranjan Ray (West Bengal Electricity Regulatory Commission); Prititosh Ray (West Bengal Renewable Energy Development Agency); and S P Gon Chaudhuri (Department of Power and NES, Government of West Bengal)

As a first activity, the prevailing scenario of the energy sector in the two states was being assessed. It is expected that through this project, SSEF and CUTS would be able to acknowledge various capacity gaps existing at the consumer group levels. As a next step, a baseline consumer survey would be undertaken in both the states to derive a comprehensive and updated status of awareness among stakeholders on issues pertaining to energy efficiency & renewable energy. The project launch meeting for West Bengal was held in June 2011, while it is planned for Gujarat in August 2011.

www.cuts-ccier.org/DREC

Making Economic Progress Efficient & Inclusive in India

CUTS through its various interventions aspire to make economic progress in India, efficient, inclusive and responsible. It is our endeavour to create an environment and capacity in India to foster growth that is hurdle-less and well integrates elements of sustainable development. It is with this goal in mind that CUTS has designed a project on 'Business Regulation and Corporate Conduct'.

The project would simultaneously attempt to identify key benchmarks pertaining to responsible business behaviour in select sectors defined in terms of the commitment of businesses to corporate governance and corporate social responsibility (CSR) in the Indian economy, and explore how effective rules/regulations/institutional reforms can promote responsible business conduct among firms in addition to catalysing consistent sectoral growth.

Participants at the Jaipur Regional Dialouge (July 12, 2011)

Regional Dialogues

Two regional dialogues were organised in Jaipur on July 12, 2011 and in Bangalore on July 15, 2011 respectively. The aim of these dialogues was to invite representation from the government, industry, academia, CSOs and various other stakeholders to refine the research methodology of the project. After sharing the aspects of business regulation and corporate conduct, an overview of the project was presented. The participants utilised the opportunity to express their concerns and expectations from the project, and thereafter enriched the dialogue with their insights on the research methodology. The learnings from the dialogue will be utilised for finalising the research methodology and accordingly, the sectors and states will be identified for the field study.

www.cuts-ccier.org/BRCC

Evolving a Business Regulatory Framework in India

Planning Commission
Government of India
सत्यमेव जयते

The Planning Commission (Government of India) has initiated a process of developing the road-map to catalyse a robust and sustainable pattern of manufacturing sector growth in the country. It has also laid emphasis on the need for enabling policies that would make such a growth trajectory sustainable and in sync with the environment.

This process has been initiated as part of the preparations for the 12th Five Year Plan of the country. A total of 10 policy areas have been identified. It is envisaged that specific strategies would be developed on each of these 10 areas which highlight how the planned outcomes would be achieved through specific programmes and schemes. Specific Working Groups have been constituted to develop strategies on each of these policy areas. One such Working Group is the Working Group on Business Regulatory Framework (WGBRF) chaired by Arun Maira (Member, Planning Commission).

CUTS has been working as a knowledge partner and coordinator of WGBRF and conducting proceedings of four Task Forces that have been constituted under the WGBRF on; (i) Business Regulation, (ii) Simplification of Business Procedures, (iii) National Competition Policy & (iv) Business Responsibilities. These four issues were identified by the WGBRF as 'core themes' that needed to be included in the 12th Five Year Plan for evolving an enabling business environment for robust and sustainable economic growth in India.

National Competition Policy for India

The Ministry of Corporate Affairs, Government of India recently constituted a Committee on National Competition Policy and Related Matters (C-NCP) for framing India's National Competition Policy (NCP), devising strategy for competition advocacy with government and private sector, and to suggest amendments in the Competition Act. The Committee is chaired by Dhanendra Kumar, former Chairperson, Competition Commission of India.

Pradeep S Mehta, Secretary General, CUTS is a key member of the Committee. CUTS has been at the forefront of competition policy and law related developments in India and several other developing countries in Asia and Africa during last three decades.

India's NCP is aimed at infusing competition in the various sectors of the economy and remove policy/law induced competition distortions to achieve greater levels of efficiency, innovation, and price competitiveness and consumer welfare.

Several other countries such as Australia, Turkey, Brazil, Argentina, Botswana etc. have adopted a National Competition Policy in addition to a Competition Law to create a pro-competition economy, and have benefitted significantly from the implementation of NCP. A sectoral research was carried out in Australia which led to identification of 1700 policy/law induced distortions at the federal and sub-federal levels. Notably, in its assessment, the Australian Productivity Commission found out that the NCP contributed to the gross domestic product growth by about five percent through addressing these distortions. Similar experiences have been reported by other countries too.

The C-NCP has submitted a draft NCP (www.mca.gov.in/Ministry/pdf/DraftNationalCompetitionPolicyForIndia-28th_July2011.pdf), on which comments are now being invited

Forthcoming Publications

Competition and Consumer Protection in MENA Countries

In order to develop a deeper idea (and a subsequent initiative on competition and consumer protection issues) CUTS undertook a needs assessment mission in seven countries of the Middle East and North Africa (MENA) region (namely Algeria, Egypt, Morocco, Tunisia, Jordan, Lebanon and Syria). The mission was undertaken jointly with the Arab Network for Environment and Development (RAED) which is based in Egypt, but has a network of CSOs in all the above-mentioned countries.

A draft report collating the discussions and the information gathered over the course of the mission has been prepared which highlights both challenges and opportunities that exist in terms of promoting competition reforms and protecting the interest of the consumers in the countries.

The report would be discussed and disseminated within and outside the region, so that a discourse on competition and consumer protection can emerge in some of these countries and the region.

Competition in the Agriculture Sector in Select Countries of West Africa

This Report aims to examine the nature of competition along different markets in the supply chain and identify possible competition concerns as well as draw welfare implications of these concerns for the different stakeholder of this chain, i.e. farmers, processors, traders and consumers.

It is developed from the country-specific components (competition concerns in the agriculture sector), of the seven country research reports of the 7Up4 project (West Africa).

Optimal regulation to push industry growth

The Economic Times, June 27, 2011

Pradeep S Mehta

One of the biggest challenges that we in India face is creation of jobs, and reduction of poverty and inequality. One priority is to facilitate business as an engine of growth in a way that it is sustainable and inclusive. Facilitating private sector to contribute significantly to such a model of growth would be critical – and can be done by reviewing the role played by the government.

Boycott has Two Faces

The Financial Express, June 18, 2011

Pradeep S Mehta

When it is difficult to find a remedy through the competition law, buyers often gang up to call for a collective boycott to pressure the suppliers. And most of the times it is against a cartelised industry, which may work. This has been seen in the cases of tyres, cement, fertilisers etc., where the market is infested with cartelised behaviour. This deals with both types of cases, where boycott has been used by a section of the trade as an aggrieved group of buyers and as a bunch of traders asking for higher margins.

The Foreign M&A Domino Effect

Business Standard, June 03, 2011

Pradeep S Mehta

As the Competition Commission of India (CCI) gears up to implement merger regulations from June 01, 2011 it should also take a close look at international mergers that can have a potential impact on the Indian market. These mergers may not be happening in India but as a consequence their subsidiaries in India would need to merge because their parents have already married. India is a huge growing economy and thus many international mergers are bound to have an impact on the country.

Intimations of Insecurity

Financial Express, May 10, 2011

Pradeep S Mehta

In the latest soap opera of cartel busting, both Procter & Gamble and Unilever were fined US$457.3mn by the European Commission in April 2011. The case was settled after another conspirator, Henkel, spilled the beans and claimed leniency. In such cases, it is the leniency provision that enables the competition authority to nail the perpetrators with little effort. Alas, despite having such a provision in our competition law, the Competition Commission of India, in force since 2009, has not yet been able to bust a single cartel.

Competition laws bring economic democracy

The Hindu Business Line, May 03, 2011

Frederic Jenny, Chairman of the Committee on Competition Law and Policy, OECD, Paris said that enforcing competition laws brings economic democracy, which goes together with political democracy. Competition law ensures there will not be barriers preventing people from moving into certain markets. It also makes sure there will be no exploitation of consumers by firms tempted to abuse their market power.

Merger norms will give fillip to industrial growth

Press Trust of India, April 14, 2011

Noting India Inc's stance for softer merger and acquisition (M&A) norms, CUTS said the new competition regime will not be a hurdle to industrial growth but it is necessary to ensure that mergers do not lead to monopoly of big players. It said that the norms would ensure that takeovers do not end up creating situations that can lead to abuse of dominance and thus harm consumer and business welfare, and orderly economic growth.

A regulator for the fertiliser sector?

The Economic Times, April 13, 2011

Pradeep S Mehta

Nowhere in the world does one have a 'fertiliser regulator'. Many, including civil servants, think that this is a ploy of manipulative civil servants to create post-retirement jobs for themselves. There is no doubt about such motives, but the idea is as ludicrous as the earlier proposals to set up regulators for steel, coal and so on. If there was an integrated regulator for the energy sector, one could understand that coal should also be handled by the energy regulator.

Not Exempt from Trouble

The Financial Express, India, April 01, 2011

Pradeep S Mehta

In spite of strong business opposition, the government has notified the merger regulations under the Competition Act, 2002, to be effective from June 01, 2011. In its wake, many have started clamouring for exemptions from this cover. Should exemptions be granted to any sectors? Once an exemption is given to one sector, there is nothing that can stop every industry from seeking the same exemption, which defeats the whole purpose behind the enactment of the Competition Act. This article lays out the pros and cons.