



‘Powered to Grow’

CUTS with the support of the Norwegian Agency for Development Cooperation (NORAD) is undertaking an initiative over two years (2008-2010) in Nepal, Bangladesh, and two states of India (West Bengal and Rajasthan) to build capacity of consumer groups/civil society organisations (CSOs) to enable them to deal with the issues involved, take-up action research, share experiences, and carryout advocacy with policymakers and regulatory agencies to effect pro-consumer changes in the electricity regulatory/policy processes. The project is being implemented in association with local partner organisations across project territories.

Specifically, the project aims to:

- facilitate effective representation of consumers’/civil society’s views in policy formulation and regulatory processes in electricity sector in Bangladesh, India and Nepal;
- strengthen capacity of civil society to take up action research and advocacy on regulatory/policy issues in the electricity sector;
- encourage regional co-operation and experience sharing on the subject through networking; and
- create a vertical mechanism to take the concerns and views from the grassroots to the policy level and vice versa, along with having horizontal linkages between different players at the same level.

As part of the project activities, Grassroots Interface Meetings (GIMs) were conducted with the purpose of reaching out to the electricity consumers at the grassroots level. The objective of the meetings was to build the capacity of consumers and make them aware of their responsibilities and role that they need to play in the regulatory reform process.

The meetings further aimed at transferring key advocacy skills, so that the consumers are better placed to engage actively in the regulatory process. The meetings are going to be conducted in two phases in the respective project territories.

In Rajasthan, CUTS Centre for Consumer Action, Research & Training (CUTS CART) started the series of first phase of the GIMs in its territory. The representatives from each of the remaining project territories, i.e. Bangladesh, Nepal and West Bengal attended the Rajasthan GIMs at Kota and Sawai Madhopur. The meetings provided a platform for sharing the experiences, views and ideas among the partner organisations. Further, it also helped the representatives in better understanding various modalities in conducting meetings in their respective territories.

Participants comprised electricity consumers from various categories, personnel from the utilities, representatives from media and various governmental organisations. The meetings focused on the three important issues, i.e. electricity reform process and the role of consumers; complaint redressal mechanism; and role of consumers in energy conservation and reduction of power theft.

Local vernacular handouts based on the Territorial Base Paper (TBP) and project posters were distributed to the participants during the meetings. Respective project partners across project territories were able to gather media support.

Overall, following points reflects the importance of the GIMs:

- created a platform to identify problems that are being faced by the electricity consumers at the grassroots level;
- formed an active forum for one to one interactions between consumers, opinion leaders and representatives of the utilities; and
- forum helped in making the consumers aware of issues such as grievance redressal mechanisms, regulatory reform process, benefits of energy conservation and curbing of electricity theft and so on.

A documentary film is being prepared to capture the proceedings of the GIMs held in Rajasthan. This will also provide an opportunity for various CSOs to learn from CUTS’ experience at the grassroots.





British High Commission

India Competition and Regulation Report (ICRR II)

CUTS has been preparing a biennial report to assess the functioning of markets, highlight various market related distortions in the economy that impede competition and regulation and provide relevant inputs to the policy community, relevant stakeholders, etc. for the simulation of necessary actions to promote well-functioning markets. The project is supported by the British High Commission, New Delhi. The first issue of the biennial report, "Competition and Regulation in India, 2007" was published and released in October 2007 while the second issue is due in 2009.

In continuation of the first research cycle, the second research cycle was initiated with "Competition Assessment in India" as the theme. The broad objective of the report is to familiarise the Indian policy community with the extent to which competition has been promoted by appropriate policies in select sectors; and initiate discussion on better policy options *vis-à-vis* competition in specific sectors.

The second cycle covers the following sector:

1. Emerging sectors: Civil Aviation and Water
2. Ports
3. Agricultural Markets
4. Higher Education
5. Power Sector

Authors have been identified to develop chapters of the report focused on the above sectors. The first draft of the chapters was discussed during a third National Reference Group (NRG) meeting held in New Delhi, on November 06, 2008. On the basis of the comments received from key stakeholders, the chapters are being revised. The second issue, "Competition and Regulation in India, 2009" will be released in mid-2009.

As part of the ICRR programme, CUTS has developed an India Competition Perception Index (summarising the perception of various stakeholders on competition and regulation scenario in the country). The Index has been developed in the backdrop of the changes taking place in the operating business and economic environment in the country.

Therefore, the Index seeks to gauge the understanding of 'informed' stakeholders on the prevalent competition and regulation scenario. It is designed to highlight views of the common consumer about the state of competition and regulation in India.

The perception index was first prepared in 2007, and then again in 2008-09 and aims to collate views of nearly 700 stakeholders (policy-makers/government officials, business, CSOs, academia and media, etc). Currently, the raw data is being analysed.

Stepping in West Africa

CUTS has been implementing a project entitled, 'Strengthening Constituencies for Effective Competition Regimes in Select West African Countries' (also referred to as the 7Up4 project) in seven countries of West Africa: Burkina Faso, The Gambia, Ghana, Mali, Nigeria, Senegal and Togo. The project would highlight the relevance and need for an effective competition regime for economic development and poverty reduction in these countries/region, and set in motion the process of evolution and implementation of competition regimes and enable stakeholders to engage appropriately in the process of competitive reforms.

As a first exercise to familiarise themselves of the prevailing competition scenario in the project countries, the partner organisations have been busy in preparing preliminary country papers (PCPs) in each project country. The draft versions of these papers were discussed with a select group of national stakeholders (referred to as the NRG) through half day meetings organised in the capital of each project country during September-October, 2008.



The outcomes from these meetings were:

- Identification of 'key stakeholders' who could contribute in the research and advocacy component of the project
- Establishing a link with the national media (broadcast, print and electronic) to improve dissemination
 - Understanding weaknesses in the review undertaken in the paper – and guidance on how to improve them
 - Better clarity on the need for a competition policy and/or law among a wide group of national actors in each project country
 - Greater interest on the subject among certain government circles (definitely the line Ministry and some others)
 - Recognition of the project as a contributor to policy reforms relating to competition in some of the countries
- Discussions on the formalisation of the NRG into some sort of a national 'task force' on competition policy and law issues in some countries

Details of the project are available at:
<http://www.cuts-ccier.org/7up4/>



Ministry for Foreign Affairs Sweden

ICF: Solution for Effective Deterrence and Distribution of Cartel Fines

Well functioning markets in all countries promote global welfare. One of the tools to do so is through well designed and properly implemented competition laws and policies. Large number of developing countries have begun drafting and adopting competition laws and policy ever since the advent of reforms in the 1990s.

In absence of any international enforcement in the field of competition law, states need to cooperate for responding to international anti-competitive practices. International cartels harm consumers in both developing and developed countries because of their upward impact on prices; and provide the luxury to firms for being inefficient, thereby damaging the spirit of entrepreneurship in the markets.

Cartel busting is often the most important activity of competition authorities around the world. While enforcement is quite effective in many developed countries, it is lacking in the developing world, because of resource constraints and lack of experience. Thus, there is a crying need to strengthen the competition culture in the developing world.

Therefore, there is the need for establishment of an International Competition Fund (ICF), to fill the current legal and institutional vacuum in this regard; and also to bolster international cooperation on competition issues – especially between the North and the South. Creation of ICF is expected to enhance world-wide deterrence of international cartels, in addition to protecting developing countries and their consumers from their ill-effects.

The Fund can receive its revenues from a part of the fines imposed by competition authorities in the developed world on cartels which have cross border dimensions. The Fund can be hosted at any multilateral body, such as the World Bank or the International Competition Network, to be managed by them.

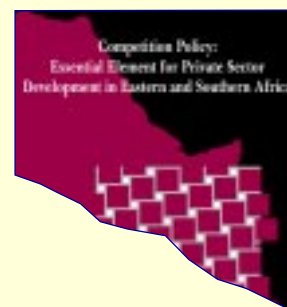
CUTS has prepared a Progressive Intellectuals' Statement for an International Competition Fund (PISICoF), which has been drafted by a group of eminent persons and approved by them.

Publications

Competition Policy: Essential Element for Private Sector Development in Eastern and Southern Africa

This Monograph highlights impediments to the effective operationalisation of competition regimes in the Eastern and Southern African region, which has been argued to be an imperative for private sector development therein. It collates knowledge and evidences from the countries to explore the contribution of a sound competition regime to private sector development in the region. It adds to the body of literature to motivate the business community in supporting competition reforms at the national and regional levels.

http://www.cuts-ccier.org/7up3/pdf/Comp_Policy_and_PSD_in_ESAfrica.pdf



Enforcing the Competition Law in Namibia: A Toolkit

This document, researched and compiled by CUTS and customised in the Namibia context, is meant to act as a manual for Namibia, providing a simple and concise handbook on various implementation issues relating to the Competition Act, 2003 (Competition Law of Namibia). It provides the definitions, characteristics of and ways to deal with all the major restrictive business practices (RBPs), which are prevalent in the Namibian markets, with real life case studies. It analyses the constraints and challenges that the competition authority of Namibia may face towards building a healthy competition culture in the country, and suggests a framework for addressing the same.

http://www.cuts-ccier.org/7up3/pdf/Enforcing_the_Comp_Law_in_Namibia_Toolkit.pdf



Politics Triumphs Economics? Political Economy and the Implementation of Competition Law and Economic Regulation in Developing Countries

This research volume has been published under the 'Competition, Regulation and Development Research Forum' (CDRF) project. A wide range of issues have been captured in the research volume – for instance, the political economy underlying the implementation and enforcement of competition and regulatory laws and regimes, barriers posed by vested interests to the free and fair functioning of competition and regulatory regimes and the often choppy relationship between competition enforcement agencies and regulators attributable to functional overlap which often delays decisions and is, therefore, detrimental to the welfare of any country.

http://www.academicfoundation.com/n_detail/ptrumph.asp



Representations

Pradeep S Mehta participated in the World Trade Institute-International Centre for Trade and Sustainable Development Trade Policy Dialogues initiative entitled, 'New Directions in US Trade Policy - Issues and Priorities for the Obama Administration', in Geneva on December 11, 2008.

Rijit Sengupta participated and presented a paper on the 'International Competition Fund: Solution for Effective Deterrence and Distribution of Cartel Fines' in Asian Competition Forum, organised by the Hong Kong Polytechnic University in Hong Kong on December 08-09, 2008.

Rajesh Kumar participated in a conference on 'Captive and Distributed Power Generation' organised by the Independent Power Producers Association of India, in New Delhi, on December 03, 2008.

Radhika Mohan Gupta presented a paper 'Regulating Health Care Delivery System in India' in a seminar entitled 'Pradnaya' organised by the Indian Institute of Health and Management Research (IIHMR), in Jaipur, on November 29-30, 2008.

Udai S Mehta participated in the International Environmental Governance (IEG) Forum and Regional Consultation Meeting for Asia and the Pacific (RCM-AP), Sydney on November 27-30 2008, in preparation for the 10th Global Civil Society Forum (GCSF) to be held in Nairobi on February 16-20, 2009.

Vijay Vir Singh conducted a session on 'Infrastructure Regulation for Indian Economic Service Officers' in a training programme organised by the National Maritime Academy, in Trivandaram on October 20, 2008.

Pradeep S Mehta attended the conference, 'Unleashing the Tiger? Competition Law in China and Hong Kong' sponsored by premier competition law firm Gilbert + Tobin, the Australian and New Zealand School of Government (ANZSOG), and the Asian Competition Forum (ACF), in Australia on October 04, 2008.

Media Outreach

Art & Science of Policymaking

The Economic Times, November 25, 2008

By Pradeep S Mehta and Siddhartha Mitra

Policy making is not for the fainthearted. Any policy, whether it relates to trade, infrastructure or anything else, always draws criticism that far exceeds appreciation. Theorists have now begun to view this generalisation as a psychological law. Images of Singur also substantiate this point.

How does the policymaker overcome uncertainty and subjectivity? Below we list some good practices for policymaking. They are not based on scholarly analysis but are products of homespun wisdom.

The first requirement for policymaking is consistency. A good policymaker would try to build up a partnership with CSOs, gently guiding them to act in the nation's best interest. Last and most important, every policymaker must keep himself/herself tuned to the grass roots.

For more, please visit:

http://www.cuts-ccier.org/ArticlesNov08_2.htm

No Time to Panic

The Economic Times, November 24, 2008

By Pradeep S Mehta and Siddhartha Mitra

Large business houses have indulged in knee-jerk reactions to the financial meltdown in anticipation of a recession in demand and credit. A freeze on new employment and business expansion seems imminent. However, Indian big business is underestimating the strength of the Indian economy – its vastness and diversity which can provide both the necessary demand and supply stimulus for growth. All that is needed is that all economic agents – the government, consumers, investors and entrepreneurs – maintain a positive attitude in going about business as usual.

Therefore, the current freeze being advocated is definitely the wrong way to go about things. The Indian economy is certainly capable of breezing through the global financial meltdown at only a slightly reduced rate of economic growth of 6-7 percent per annum. But for that to be possible big business will have to continue spending, earning and employing without inhibitions.

For more, please visit:

http://www.cuts-ccier.org/ArticlesNov08_1.htm

Competition Panel Hangs Fire

The Asian Age, November 16, 2008

The pace of recruiting members for the Competition Commission of India (CCI) had been slow since June 2008 when acting chairman Vinod Dhall put in his papers around the same time when the Ministry initiated the selection process. But now it seems to have picked up pace again with coal secretary Harish Chandra Gupta, corporate affairs secretary Anurag Goyal and former chairman of the CBDT P.K. Mishra tipped to be members. Some insiders insist the panel will get a new chairman and full complement of six members by November-end — only a few days away now.

Arvind Virmani, chief economic adviser in the finance ministry, and Pradeep Mehta, secretary-general, CUTS International, a non-governmental organisation that works in the area of competition and consumer protection, had also applied for the post but the selection committee ignored their names. As matters stand all, the initial talk of luring talent from the private sector has remained just that. Babus' stranglehold on plum postings remains strong as ever.

For more, please visit: http://www.cuts-ccier.org/MediaNov08_2.htm