



Business' Contribution to Growth and Sustainable Development in India

Two research reports prepared by CUTS (*Rethinking Business Responsibility in India: A Review of Pharmaceutical & Private Healthcare Sectors* in partnership with Norwegian Institute of International Affairs, NUPI and *Competition and Regulation in India, 2011* in partnership with the Norwegian School of Management, BI) were released in Oslo, Norway on June 20, 2013, before a small group of researchers and practitioners.



Dignitaries during the release of reports in Oslo on June 20, 2013

The research reports were part of a programme, entitled “Promoting Sustainable and Inclusive Growth” (PROSAIG), which was implemented by CUTS in partnership with Norwegian institutions, supported by the Royal Norwegian Embassy (RNE), New Delhi.

These projects (Business Responsible and Corporate Conduct & India Competition and Regulation Report) involved research and advocacy to promote better understanding and awareness on competition, regulatory reforms, corporate social responsibility and governance and better environment for business among others.

In the opening session, representatives from all the three

institutions, CUTS, NUPI and BI spoke about the relevance of promoting research cooperation between India and Norway – especially in the interest of promoting trade and investments as a tool for growth and sustainable development.

Ulf Sverdrup, Executive Director, NUPI welcomed all the participants and mentioned that given the shift in economic powers at a global level, there is need to forge partnerships with new partners, thus the focus of Norwegian research institutions have been on BRICS countries, including India.

Espen Moen, Professor of Economics, BI Norwegian School of Management highlighted the importance of strong regulation in sectors based on natural resources, which are identified by countries as tools for achieving economic growth.

Rughvir Shyam Khemani, Adviser, CUTS briefly spoke about the PROSAIG programme, which was developed to encourage the continuance and strengthening on cooperation between Indian and Norwegian research institutions on agenda items of CUTS, which can aid sustainable and equitable growth in India.

More than 30 participants comprising research institutions, academia, representatives of the Ministry of Foreign Affairs, etc. attended the programme.

Compendium on Competition Regimes

‘Competition Regimes in the World: A Civil Society Report’ (www.competitionregimes.com) was an attempt to map out competition regimes around the world and covers 120 countries. Most of the countries covered in this volume had competition legislation, while some in the process of adopting one. It contained essays on the countries by a large number of activists, scholars, experts and practitioners, whose names appear as authors in the corresponding chapters.

The final version of this report was released by CUTS in June 2006, and was an improvement over the advance copy that was released at the UN Conference on Competition Policy in Antalya (Turkey) in November, 2005.

Since 2006, there have been various developments in the competition legislations across the world, therefore CUTS plans to revisit and update the report both in content and also in scope. The target is to cover 148 countries and produce an e-book by 2014.

Exploring the Interplay between Business Regulation and Corporate Conduct in India



Consumer Unity & Trust Society (CUTS) under the project entitled, 'Exploring the Interplay between Business Regulation and Corporate Conduct in India' (BRCC) organised Interface Meetings for pharmaceutical sector in Gujarat and West Bengal on June 01 & 06, 2013 respectively.

The important objective of the project was to evolve a policy discourse between the business community and policymakers to facilitate a policy environment that promotes development of pharmaceutical sector in a sustainable manner.

Unfortunately, these entities have not interacted so much on the agenda of sustainable business development. As also turned out as a survey result, a structured and periodic process of interaction between sectoral associations and relevant state government departments/agencies is absent. Thus, in order to overcome these limitations creating obstacles in the way of promoting responsible business conduct in the pharmaceutical sector, CUTS intended to organise interface meetings in the project states.

The meetings focused at discussing the set of challenges pertaining to specific stakeholders, i.e. state governments,



Participants during the Interface Meeting in Ahmedabad on April 04-05, 2013

state-level regulators, firms, associations and civil society, affecting uptake of responsible business in the pharmaceutical sector at the state level. These challenges were derived through a capacity building workshop for medium and large scale pharmaceutical firms organised in Ahmedabad, Gujarat on April 04-05, 2013.

Through these Interface Meetings CUTS and key actors in each of these states tried to comprehend these difficulties/challenges faced by the pharmaceutical firms in becoming more responsible entities. Understanding these limitations would allow preparation of a roadmap for promotion of better business in the sector at the state level.

India Competition and Regulation Report, 2013

CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER) organised a research design meeting for discussion on the terms of reference for the India Competition and Regulation Report, 2013 (ICRR project IV), at CUTS Institute for Regulation & Competition (CIRC), New Delhi on May 01, 2013.



The purpose of the meeting was to arrive at a broad level of consensus on the draft terms of reference for the proposed chapters. The meeting benefited from the presence of experts in the field of competition, regulation and relevant sectors, who guided and clarified doubts/concerns of authors of respective chapters. The participants also discussed areas that need specific focus, strategy to undertake primary surveys, and the plausible timelines for the project.

The ICRR project has been undertaken with the objective to conduct periodic assessment of competition and regulation scenario in the country in light of India's embracing of market-oriented economic reforms, however, without a periodic review to assess functioning of markets. This is desirable given the existence of distortions in economic management of the country that impede realisation of competitive outcomes. ICRR is an attempt to fill this vacuum. The project is supported by the Ministry of Foreign Affairs through the Royal Norwegian Embassy in New Delhi.

Three ICRR reports (2007, 2009, and 2011) have been released until now and the ICRR project IV will focus on competition and regulation in select sectors (coal, financial sector, private healthcare and railways and certain cross-cutting issues (regulatory uncertainty and its impact on investments, and the institution of sinecures).

Rationalising Scope of Foreign Direct Investment and Portfolio Investment

A foreign investor can choose from different routes for investment in India, subject to compliance with eligibility conditions and other requirements. These routes consist of foreign direct investment (FDI), portfolio investment (PI), investment by foreign venture capital investor (FVCI) and investment by qualified foreign investor (QFI). The PI route is available to foreign institutional investors (FII) and non-resident Indians (NRI).

Over the years, these routes have developed into complex web of rules and regulations that are, at times, overlapping and contradictory. This has created problems of regulatory arbitrage and lack of transparency, culminating in increase of transaction costs for investors and increased cost of capital for Indian entities.

The unavoidable resemblance between investment objectives of FIIs, NRIs and QFIs has blurred the dividing line between such routes and has escalated the confusion within the non-FDI route. In addition, the perceived dissimilarity between FDI and PI routes has also fueled the demands for clarifying scope of FDI and PI. CUTS explores the possibility of clearly distinguishing, rationalising and de-mystifying the scope of different modes of foreign investment. As indicated, the two principle issues dealt with are distinction between FDI and PI; and rationalisation of investment routes, specifically the non-FDI route.

For details, please visit:

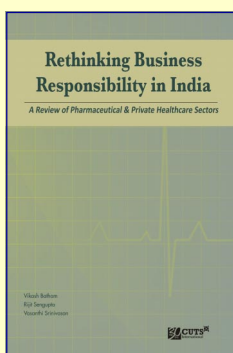
www.cuts-ccier.org/pdf/CUTS_Suggestions_on_Rationalising_Scope_of_Foreign_Direct_Investment_and_Portfolio_Investment.pdf

Publications

Research Reports

Rethinking Business Responsibility in India: A Review of Pharmaceutical & Private Healthcare Sectors

This Report contains an overview of the theoretical foundations of the interface between business responsibility and corporate conduct from an international context linking it with the Indian perspective. It analyses the policy and institutional framework in the two sectors in India and identifies implications for responsible business and contains a description of the research problem and methodology used for undertaking the study. A detailed analysis of the data collected from the four states is provided. It highlights key emerging conclusions of the study and the sixth presents some thoughts on the way forward.



This Report can be viewed at:
www.cuts-ccier.org/BRCC/pdf/Rethinking_Business_Responsibility_in_India.pdf

Unfair Trade Practices and Institutional Challenges in India: An Analysis

The term Unfair Trade Practice (UTP) broadly refers to any fraudulent, deceptive or dishonest trade practice or business misrepresentation of the products or services that are being sold which is prohibited by a statute or has been recognised as actionable under law by a judgement of the court. However, the term does not have a universal standard definition. This Report tries to analyse and understand the concept of UTPs in India by comparing the concept in other countries also. The paper highlights various institutional challenges and finally suggests efficient approaches to tackle the same.

This Report can be viewed at:
www.cuts-ccier.org/pdf/Unfair_Trade_Practices_and_Institutional_Challenges_in_India-An_Analysis.pdf

Briefing Papers

Business Regulatory Framework Towards Optimal Business Regulatory Governance

The Planning Commission of India has developed the Twelfth Five Year Plan (2012-17) which has been approved by the National Development Council in December 2012. It had formed a Steering Committee which divided its work into cross cutting as well as sectoral Working Groups. This Briefing Paper discusses The Working Group on Business Regulatory Framework (WG BRF) – A cross cutting Working Group in which CUTS served as a Knowledge Partner. It summarises the report framed by the Working Group in the year 2011.

This Briefing Paper can be viewed at:
www.cuts-ccier.org/pdf/Business_Regulatory_Framework-Towards_Optimal_Business_Regulatory_Governance.pdf

Responsible Business in India – yesterday, today & tomorrow

It is evident that there has been unprecedented interest and progress involving both state and non-state quarters on the issue of responsible business in India over the last couple of years. The adoption of the Companies Bill 2012 by the Parliament would give considerable fillip towards operationalising the CSR agenda in India. This Briefing Paper argues that if properly supported through enabling policies and proper guidance, business can contribute considerably to socio-economic progress in India, linking those who remained far removed with the Indian growth story.’

This Briefing Paper can be viewed at: www.cuts-ccier.org/pdf/Responsible_Business_in_India-yesterday_today_and_tomorrow.pdf

Discussion Papers

Regulatory Framework and Challenges in Indian Pharmaceutical Sector

This Discussion Paper begins with a brief status of the pharmaceutical industry in India and its key features. It provides a description of the major regulatory bodies monitoring the Indian pharmaceutical sector and undertakes a review of the prevailing mechanisms for drug regulation and some predominant policy measures and acts. The section subsequently provides a comprehensive account of the status and key challenges pertaining to the dimensions of drug pricing, patent related issues, Good Manufacturing Practices (GMP) and clinical trials, in addition to the foreign direct investment (FDI) regulations and supply chain challenges in the sector.

This Discussion Paper can be viewed at: www.cuts-ccier.org/pdf/Regulatory_Framework_and_Challenges_in_Indian_Pharmaceutical_Sector.pdf

Judiciary – a crumbling pillar of Indian democracy? Speeding up delivery of justice in India

The famous quote of George Washington which is over two centuries old is still valid: ‘the administration of justice is the firmest pillar of government.’ The current judicial scenario in India does not live up to this adage in a number of its manifestations. This discussion paper looks at one of them – that of the staggering arrears in disposal of cases in the various courts – estimated at 3.2 crore. After stating the problem, the paper discusses its various causes, steps/reforms taken to address the malaise and finally suggests a way forward for stimulating further discussions.

This Discussion Paper can be viewed at: www.cuts-ccier.org/pdf/Judiciary_a_crumbling_pillar_of_Indian_democracy-Speeding_up_delivery_of_justice_in_India.pdf

Representations

Vikash Batham participated in International Competition Network (ICN) 12th Annual Conference hosted by Poland’s Office of Competition and Consumer Protection (OCCP) in Warsaw, Poland during April 23-26, 2013.

Gaurav Shukla attended an International Conference on Sustainable Low Carbon Cities organised by International Council for Local Environmental Initiatives & Consultation on the South-South-North Knowledge Exchange Facility organised by the World Bank in New Delhi on April 18, 2013.

Tanushree Bhatnagar participated in a two-day stakeholder consultation workshop on “Unfair Commercial Practices and Misleading Advertisements in India”, organised by GIZ, India in New Delhi on April 01-02, 2013. She delivered a presentation on CUTS’ study on ‘Experiences of Unfair Trade Practices and Institutional Challenges in India’.

Advocacy through Media

Time to check the Khemka syndrome

The Hindu, June 05, 2013

In April 2013, the Haryana government transferred senior IAS officer Ashok Khemka for the second time in six months (44th time in his 22-year career). Articles 310 and 311 of the Constitution make it impossible for civil servants to be dismissed or demoted by elected representatives. However, politicians exert control over policy outcomes by reshuffling the bureaucracy across posts of varying importance. The “politicisation” of the bureaucracy has become a major public policy issue in India.

www.cuts-ccier.org/Article-Time_to_check_the_Khemka_syndrome.htm

APMC Reform a Must

Financial Express, April 12, 2013

The Agricultural Produce Market Committees (APMC) Act was designed with the lofty goal of protecting farmers from the vagaries of the market, but its purpose has been turned on its head to enrich traders (and politicians) and harm farmers and, in turn, consumers’ interests adversely. APMCs have been statutorily vested with the power to regulate both the creation of agricultural markets and also the entities that can participate in such markets. The APMCs have, therefore, become bottlenecks as they regulate who the farmers sell to and who can participate in the market and even where markets can be established.

www.cuts-ccier.org/Article-APMC_reform_a_must.htm