



## How Can Competition Policy Promote Inclusive Growth?

CUTS International organised an International Conference on Competition & Development with the theme ‘How can Competition Policy Promote Inclusive Growth?’ at New Delhi on March 19, 2018 wherein over 100 people from 13 countries actively participated.

The tone of event was set by the keynote speaker Montek Singh Ahluwalia, former Deputy Chairman, Planning Commission of India, who attacked laws and regulations as well as government actions that result in anti-competitive effects in the market, and hence are anti-consumer. On the present protectionism wave he said, that “an ‘intellectual climate change’ is occurring where arguments for protectionism are being forwarded to justify growth and inclusion, the brunt of which will be borne by consumers and businesses in the long-run”.

The event included two roundtables and a dinner speech by Frederic Jenny, Chairman, OECD Competition Committee on the topic ‘The digital economy and the innovation opportunity: paving the way forward for emerging economies’.



L-R: Pradeep S Mehta, Arvind Mayaram, D K Sikri, Frederic Jenny, Montek Singh Ahluwalia and Teresa Moreira

The event saw global competition officials and regulators sharing their views on how competition policy and law helps in promoting inclusive growth and reducing the rising inequality. The event was graced by Frederic Jenny, D K Sikri of CCI and Teresa Moreira of UNCTAD. Six present or former heads of competition authorities around the world (India, Australia, South Africa, Kenya and Gambia) enriched the deliberations with their thoughts on the issue.

The positive role that competition reform can play in contributing towards inclusive growth was recognised almost unanimously, with particular emphasis on agriculture marketing reform. For competition enforcement, it was believed, prioritisation of sectors that effect poor people the most (health, education etc.) would be much useful. Therefore, competition policy and law need to be included in any strategy for achieving sustainable development goals of Agenda 2030.

The occasion also marked the release of the sixth edition of the CUTS-CIRC Biennial Report ‘Competition and Regulation in India, 2017’, which encompasses sectors, such as digital financial services, telecommunications, agriculture etc. and also covers the competition perception survey results.

[www.cuts-ccier.org/Event-Competition\\_Policy\\_and\\_Development-march19-2018.htm](http://www.cuts-ccier.org/Event-Competition_Policy_and_Development-march19-2018.htm)

### Competition Law and Policy in the Food Sector following the Mega Merger Wave

A roundtable on ‘Competition Law and Policy in the Food Sector following the Mega Merger Wave’ was held at New Delhi on March 20, 2018 by University College London, HSE-Skolkovo Institute for Law and Development, Moscow and CUTS International as a pre-cursor to the ICN Annual Conference. Officials from select competition authorities and subject experts actively deliberated as per Chatham House rule.

It was observed that in the absence of an international competition regime, no country has/had the courage and conviction to appropriately deal with all the nuances of the recent mega mergers of global giants in food and agriculture sector. Authorities tend to take into account country-specific effects, virtually neglecting adverse global impacts on competition. These mergers have necessitated formation of some kind of consortium of competition authorities of the world, including European Union (EU) and Brazil, Russia, India, China and South Africa (BRICS) countries.

In the absence of an international competition authority, international cooperation assumes greater importance. Such cooperation would help national competition authorities understand the big picture and act appropriately.

## Competitiveness of North Indian States to Achieve Inclusive Growth



L-R: VP Singh Badnore, Paramjit Singh Sahai, Sebastian Saez and Pradeep S Mehta

Under the aegis of its project entitled ‘Evaluation of Competitiveness among North India States – Leveraging from the United States’, supported by The US Embassy, CUTS International organised a symposium in Chandigarh on January 23-24, 2018. The Symposium brought together relevant stakeholders (National and International) on one common platform for cross learning and discussion on critical issues related to ease of doing business (EoDB) and inter-state competitiveness.

The two-day symposium saw participation of approximately 100 participants cross cutting from the six North Indian States – Uttar Pradesh, Himachal Pradesh, Haryana, Rajasthan, Punjab and Uttarakhand – that included senior policymakers, top industry representatives and academicians.

A baseline scenario in terms of the major challenges in front of the select states, impeding EoDB, was

deliberated upon, along with the way forward to overcome them. Critical pain points requiring relief were identified as regulatory burdens impeding EoDB; access to Finance, Electricity, Labour and Transport (FELT) elements; and the pertinent question as to how competitive federalism and state competitiveness could boost economic growth and improve governance.

A few suggestions deliberated upon were:

- Undertaking third party Regulatory Impact Assessments (RIAs), i.e. a Cost-Benefit Analysis (CBA) as an *ex-ante* mechanism to ensure optimal and enabling regulations
- Aiding cross-learning between states, through analysing the policy failures of one state, and learn lessons from it during implementation in others
- Need for states to frame optimal and transparent regulations in order to foster micro, small & medium enterprises (MSMEs) and reduce compliance burden
- Promote cooperative and competitive federalism, by using states as regulatory laboratories to find solutions for social and economic challenges, before implementation at a national level
- Facilitate cross learning between states to learn from their good practices
- Giving thrust to sunrise enterprise sectors and build a complimenting ecosystem to nurture start-ups and MSMEs
- ‘Whole of Government’ approach to disrupt the existing governance structure to push effective implementation of EoDB reforms
- More people-to-people interaction in various sectors

### Advocacy

## Comments on the Report of the Working Group on FinTech and Digital Banking

CUTS submitted its comments on the Report of the inter-regulatory Working Group on FinTech and Digital Banking, which was setup by the Reserve Bank of India (RBI) to study the entire gamut of regulatory issues relating to FinTech and Digital Banking in India.

The Report *inter alia* addressed issues, such as FinTech and its impact on Global and Indian Financial Services, recent global regulatory Initiatives on FinTech, emerging regulatory and supervisory issues in India and proposed a way forward for stakeholders.

CUTS’ comments basically tended to further galvanise the findings of the report by highlighting some key issues and putting forth important suggestions. Some of the important suggestions include:

1. The need for a progressive approach to smart regulation
2. The need for regulators to be pro-active in driving innovation and encouraging open access, alongside assessing new risks
3. The scope for regulators to indicate best practices and encourage entities to follow the same
4. The need to encourage risk-based regulation
5. The importance of conducting periodic RIA and CIA in collaboration with stakeholders
6. Institutionalise activity-based grievance redress and establish collaborations with experienced organisations for better implementation.

[www.cuts-ccier.org/pdf/CUTS\\_comments\\_on\\_Report\\_of\\_the\\_Working\\_Group\\_on\\_FinTech\\_and\\_Digital\\_Banking.pdf](http://www.cuts-ccier.org/pdf/CUTS_comments_on_Report_of_the_Working_Group_on_FinTech_and_Digital_Banking.pdf)

## Cross Border Energy Co-Operation in the Bay of Bengal Region

CUTS International and IRADe organised a Regional Dialogue on 'Cross Border Energy Co-Operation in the Bay of Bengal Region' at New Delhi on January 19, 2018. The dialogue was organised under USAID's South Asia Regional Initiative for Energy Integration, implemented by IRADe.

CUTS has undertaken the study to assess the impact of CBET on gender and livelihoods in the region. The study captures cases of hydroelectric plants from Nepal and Bhutan. The findings of the study were shared in the dialogue. Representatives from bureaucracy, government, academia, industry and public policy community amongst others participated in the dialogue.

It was argued that such large infrastructure projects are beneficial to local community, provided the adverse impact on environment and ecology caused by the development works are properly mitigated. The direct benefit comes in forms of employment opportunities for the locals and investment by the projects on education, health facilities, among others. In addition, it was also highlighted that there are opportunities for exploiting the regional complementarities emanating from seasonal and time of day electricity generation and consumption to enhance CBET in the region.



L-R: Rajat Nag, Krishna Hari Pushkar, Jyoti K Parikh, Bipul Chatterjee, Samdrup K Thinley and Geeta Gouri

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<http://cuts-ccier.org/CBET>

## Publications

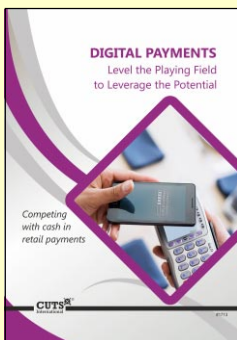
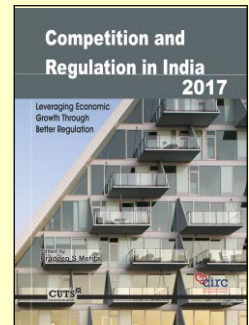
### Competition and Regulation in India, 2017

#### *Leveraging Economic Growth Through Better Regulation*

CUTS in association with CUTS Institute for Regulation & Competition (CIRC), has been publishing biennial reports on the state of competition and regulation in India. The reports are designed to undertake reviews of level of competition and regulation to assess functioning of markets in the country. Five reports (2007, 2009, 2011, 2013 and 2015) have been published till date.

The 2017 report, released in March 2018, deals with IPR-Competition interface as well as optimal regulation, which are necessary for achieving Sustainable Development Goals (SDGs) through innovation. The report covers areas, such as agriculture marketing, GM cotton seeds, Information and Communication Technology and Department of Financial Services. A chapter is also devoted on how competition policy can help achieving SDGs.

<http://www.cuts-ccier.org/icrr2017/pdf/Report-ICRR2017.pdf>



### Digital Payments: Level the Playing Field to Leverage the Potential – Competing with Cash in Retail Payments

The digital payments sector in India is facing tectonic shifts. Entities with divergent business models, subject to diverse regulations, are competing for a pie in the market share. This report takes a stock of the existing business models in the digital payments sectors and reviews the applicable regulatory framework to such business models. The objective is to ascertain if level playing field exists for the market players in the sector to compete efficiently. The report takes a step further and analyses reasons for lack of level playing field in the sector, highlights adverse impacts of such situation on consumer welfare. The report concludes with providing specific recommendations to level the playing field for leveraging the potential of digital payments in the sector.

[http://www.cuts-ccier.org/Payments-Infrastructure/pdf/Research\\_Report-Competition\\_assessment\\_of\\_payments\\_infra\\_in\\_India.pdf](http://www.cuts-ccier.org/Payments-Infrastructure/pdf/Research_Report-Competition_assessment_of_payments_infra_in_India.pdf)



## Launching CUTS Washington DC Centre

With more than three decades of research and ground-level experience in India and abroad, CUTS Washington DC Centre is being set up in 2018 as an Economic Policy and Action Think Tank. The opening of such a Centre will be the first by a Southern not-for-profit organisation, deeply rooted on the ground and strongly networked with governments and inter-governmental Economic Policy institutions across continents. CUTS WDC will bring a credible Southern voice to the epicentre of influence in Washington DC by providing independent and evidence-based analysis on Trade, Regulation, Competition, Investment, Technology, Environment, Intellectual Property Rights and issues on Right to Information.

### Representations

**Udai S Mehta** and **Ujjwal Kumar** participated in the annual conference of the International Competition Network (ICN) at New Delhi, India on 21-23 March, 2018.

**Parveer Singh Ghuman** participated and presented a paper at the Second Asia-Pacific Workshop on Innovation, IP and Competition organised by the Centre for Innovation, Intellectual Property and Competition at National Law University, New Delhi during February 05-10, 2018.

**Ujjwal Kumar** participated as a panellist in 'Roundtable on White Paper on Data Protection and Privacy' organised by/at National Institute of Public Finance and Policy, New Delhi on March 08, 2018.

**Sidharth Narayan** and **Prama Mukhopadhyay** attended a two-day workshop on Competition Impact Assessment organised by Administrative Staff College of India, funded by the European Union at New Delhi on February 15-16, 2018.

**Amol Kulkarni** participated in a panel discussion on Regulation for Innovation during the 50p Conference on Digital Payments organised by HasGeek on February 09, 2018. He shared his thoughts on competition and consumer protection issues in the sector.

**Ujjwal Kumar** attended and made submissions before the first and fourth public consultation meeting by Sri Krishna Committee on Data Protection at Delhi and Mumbai on January 23, 2018 and January 05, 2018 respectively.

**Arpit Tiwari** participated in the stakeholder interactions organised by the Government of Madhya Pradesh on the 'Draft Madhya Pradesh Aggregator for the Hire of Motor Cab, Auto rickshaw, and Motor Cycle Rules, 2017' at Bhopal on January 17, 2018.

**Amol Kulkarni** made a presentation on Cost Benefit Analysis of Rajasthan Shops and Commercial Establishments Act, 1958 during a workshop for labour welfare officers organised by the Labour Department, Government of Rajasthan on January 03, 2018.

### Advocacy through Media

#### Telecom policy must FoQoS on quality

The Hindu Business Line, March 19, 2018

*By Rahul Singh*

The Indian telecom sector serves the world's second largest telephone and internet subscriber base (estimated at 500 million in June 2018) and contributed 6.5 per cent to India's GDP in 2015. Since the last decade, India's telecom market has witnessed technology transitions.

[http://cuts-ccier.org/broadbandlabel/Media-Telecom\\_policy\\_must\\_FoQoS\\_on\\_quality.htm](http://cuts-ccier.org/broadbandlabel/Media-Telecom_policy_must_FoQoS_on_quality.htm)

#### Dismantle barriers to prosperity

Livemint, January 30, 2018

*By Pradeep S Mehta*

Every year, in the months preceding the Union budget, the finance minister conducts a customary consultation exercise with relevant stakeholders to seek their 'suggestions' for the budget. All stakeholders are met separately, disregarding any possibility of discussion on diverging interests and the need to achieve a balance.

[www.cuts-ccier.org/Article-Dismantle\\_barriers\\_to\\_prosperity.htm](http://www.cuts-ccier.org/Article-Dismantle_barriers_to_prosperity.htm)

#### India will have arrived when yoga becomes yog again

Asian Age, February 28, 2018

*By Pradeep S Mehta and Abhishek Kumar*

Prime Minister Narendra Modi has placed India in an advantageous position on the world map by travelling incessantly. Coupled with that the External Affairs Ministry has been organising global events in India in partnership with think tanks: Observer Research Foundation (ORF) and Gateway House on strategic issues in Delhi and Mumbai.

[www.cuts-ccier.org/Article-india\\_will\\_have\\_arrived\\_when\\_yoga\\_becomes\\_yog\\_again.htm](http://www.cuts-ccier.org/Article-india_will_have_arrived_when_yoga_becomes_yog_again.htm)

#### Delivering pro-poor development

Livemint, January 03, 2018

*By Pradeep S Mehta*

The government must take appropriate steps to reinvigorate the rural economy for both economic and political reasons. But for Prime Minister Narendra Modi's relentless campaigning, inability of the Congress to highlight limitations in the National Democratic Alliance's urban development model, the role of None of the Above option, and copious amount of luck, the Bharatiya Janata Party would have lost its Gujarat bastion.

[www.cuts-ccier.org/Article-Delivering\\_pro-poor\\_development.htm](http://www.cuts-ccier.org/Article-Delivering_pro-poor_development.htm)