

CUTS CCIER ACTIVITIES REPORT

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Electricity Governance in Rajasthan *Putting Consumers First*



CUTS International and Bask Research Foundation, with the support of Shakti Sustainable Energy Foundation (SSEF), has been implementing a project entitled 'Capacity Building of Electricity Consumers' that aims at creating awareness among the rural electricity consumers in six blocks of Rajasthan spread across districts of Chittorgarh, Sawai Madhopur, Bikaner and Jodhpur about their rights and responsibilities.

Consumer Assistance Cells (CONASCs) would be established in these six blocks to assist consumers on grievance redressal process, educate them about their rights and responsibilities and create healthy local electricity ecosystem by working with local electricity administration.

An event to mark the launch of the project was organised on March 28, 2019. The inaugural session of the event was attended by

civil society organisations and experts working on consumer issues in the electricity sector. The session discussed various issues faced by consumers and distribution companies (discoms) in maintaining mutual trust and participation in the regulatory process. It was highlighted that in order to make the electricity sector sustainable and commercially viable in the long run, it is important that two key stakeholders – the discoms and consumers – work in tandem.

While it is imperative to have a discom that is responsive to demands of consumers, it is equally important that consumers pay for the electricity they consume. In this regard, it was suggested that the CONASCs would be beneficial for discoms, working as a bridge to provide information about grassroots issues and helping discoms to spread awareness about their consumer-centric initiatives. On

the other hand, the CONASC cells would be useful in creating a consensus against power theft and helpful in increasing revenue collection of discoms.

As a way forward, it was suggested that while CONASCs would need to ensure continuous consumer engagement, it would also be important to properly guide and handhold the aggrieved consumers in getting their grievances redressed to avoid duplicity of efforts by consumers and further dissatisfaction with the grievance redressal system. A separate strategy needs to be adopted to build capacities of legal and non-legal institutions related to grievance redressal process to facilitate better outcomes. The need for using internet and various social media platforms (like Facebook and Twitter) to register consumer complaints was also highlighted.

It was acknowledged that enhancing consumer participation to improve access to quality electricity involves addressing various political economy, governance, societal and behavioural challenges. Addressing these challenges requires engagement with multiple

stakeholders at various levels. While CONASC is an important initiative and addresses one aspect of the issue, various concerted long-term interventions are required to tackle challenges related to governance.

The inaugural session was followed by a panel discussion on the topic of 'Consumer Advocacy and Regulatory Engagement in the Electricity Sector: Bridging the Gap between Consumers and Discoms'. The objective of this session was to discuss the experience of consumers and consumer organisations in Rajasthan and other states with regulatory institutions. It was suggested that electricity consumers do not have any choice other than opting for poor quality electricity from state-owned discoms. In contrast to the vision of Electricity Act 2003 providing consumer different choices, monopoly in distribution sector prevails, leading to unresponsive discoms towards consumer concerns related to service quality. The session ended with vote of thanks to all participants.



Advocacy

Submission to High Level Committee on Deepening of Digital Payments Constituted by RBI

In January 2019, the Reserve Bank of India (RBI) constituted a High Level Committee on deepening of digital payments, chaired by Nandan Nilekani. CUTS made a submission to the Committee which was followed up with an in-person presentation on March 08, 2019. The presentation highlighted findings of CUTS' primary study of users' perspectives on digital payments based on interaction with 1200 consumers and 800 merchants.

CUTS submission highlighted that only one out of four consumers and one out of three merchants has access to adequate connectivity and infrastructure for digital payments. Moreover, around two out of three consumers are likely to be aware of digital payments. Access and awareness are necessary but not sufficient for uptake and sustained usage of digital payments. High education and income are positively correlated with access and awareness. Moreover, different user groups are likely to prioritise different challenges for usage, thus requiring targeted and customised interventions, depending on user groups and modes.

For instance, interoperability is essential to ensure uptake of wallet payments. Top consumer priorities include: better assistance in use, low cost, security and local language availability. Top merchant priorities include: security, low cost acceptance infrastructure, incentives and grievance redress. Optimal regulation, competition, accountability, sustained awareness generation and capacity building initiatives can help overcome many challenges. CUTS' recommendations included creation of level playing field and adoption of proportionate risk-based regulation, by institutionalising Regulatory Impact Assessment framework in regulation-making process.

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

Evolving Role of Online Intermediaries

Retaining Trust, Re-imagining Safety

This roundtable discussion was organised by CUTS, in association with CUTS Institute for Regulation & Competition (CIRC), at New Delhi on February 12, 2019. The roundtable discussed the proposed amendments to the Information Technology (Intermediary Guidelines) Rules by Ministry of Electronics and Information Technology (MeitY) and their likely impact on consumer trust in online economy.

The amendments to guidelines were on account of growing concerns over 'misuse of social media platforms and spreading of fake news'. However, participants generally opined that the corresponding 'resolve of the government to strengthen the legal framework and make the social media platforms (intermediaries) accountable under the law', does not seem to be an effective solution to this problem.

Mahesh Uppal, a Senior Sector Expert and Policy Influencer, pointed out that measures proposed by guidelines appear disproportionate to the problem they intend to solve. Prasanna, a Lawyer and Constitutional Expert, added that guidelines may end up creating a chilling effect among intermediaries in online ecosystem, and reduce consumer welfare.

Prasanto Roy, Sector Expert, observed that a graded approach to regulate information and intermediaries in online economy,

depending on the associated risks, might be the way forward. Intermediaries are not the only ones who lack capacity but government also needs to catch up with technological advancements.

Ashutosh Chadha from Microsoft mentioned that intermediaries can help build technical capacity of government and aid them in better understanding technology.

CUTS presented the findings of its survey covering 2,160 respondents across six states in India on user perception, expectation and experience in online economy. It reported that service providers are expected to use consumer data only for the purposes it was collected, uphold privacy and practice anonymisation. Any unfair attempt to use consumer data for tracking purposes, or to remove the content they post, without following due process, may breach the trust consumers have on online intermediaries.

The discussants unanimously agreed that greater transparency and accountability of internal mechanisms of intermediaries are essential but they cannot act as replacement for government functions. Moreover, there is a need to institutionalise good regulation-making processes like regulatory impact assessment which necessitate cost-benefit analysis to prevent such knee-jerk reactions from the government, concluded Amol Kulkarni of CUTS, who moderated the discussion.



Strengthening Discourse on Economic Policy to Generate Good and Better Jobs in India

The project launch event for ‘Strengthening Discourse on Economic Policy to Generate Good and Better Jobs in India’, with the support of Ford Foundation, was organised at New Delhi on January 29, 2019. It was attended by a diverse group of experts from academia, policy and practice, who are closely engaged with the subject of jobs and job creation.

The event commenced with an address and presentation by CUTS team, followed by a roundtable discussion. The purpose of the discussion was to go over the learnings from the project thus far, arrive at an enriched understanding of the critical challenges and opportunities in the path towards creation of good jobs in India and identify directions for future research and outreach activities.

Among the major themes discussed were the context of growing inequality, the relevance of clusters and value chains in understanding job creation, the need for studying the entire ecosystem around jobs in a particular sector and the importance of identifying ‘forms’ in the informal economy.

It was discussed that the discourse on good and better jobs should be informed by narratives from the field, which can be stitched together to form a macro-narrative on the economy. It was further decided that a coalition of stakeholders and policy influencers would be formed, which would regularly participate in a continuous learning process under this project.

The launch event was followed by a meeting of the Project Advisory Committee in which these themes were discussed further and critical next steps for the project identified.



Stakeholder Consultation on Draft E-commerce Policy

CUTS in partnership with The Dialogue and Adyopant Legal organised a Stakeholder Consultation Roundtable on Draft E-commerce Policy at New Delhi on March 07, 2019.

The consultation was divided into two sessions. The first session revolved around the first two chapters from the Draft Policy, that focuses on ‘Access to Data Generated in India’ while the second session discussed the part of the Draft Policy that focuses on marketplace and e-commerce regulation.

Narendra Jadhav, Member of Parliament, Rajya Sabha, chaired the session and delivered opening remarks. The roundtable saw full house participation, with more than 80 attendees in the room, consisting of government officials, representatives from Indian and foreign e-commerce, technology, software, digital payments, and cyber security companies, civil society and digital rights institutions as well as leading strategic and public-policy consultancies, media houses, representatives from trade bodies, internet associations, and business councils.

Representations



- **Swasti Gupta** participated in the 4th National Conference on Economics of Competition Law by the Competition Commission of India at New Delhi on March 01, 2019.
- **Anurag Mishra** participated in two sessions of 'Shakti Dialogues 2019' on 'Realising the Goal of Universal Energy Access' and 'State Level Regulatory Environment for Urban Transport' organised by SSEF at New Delhi on February 20, 2019.
- **Udai S Mehta** participated in a Roundtable Discussion on 'Beyond Saubhagya: Next Steps for Power Sector Reforms in Uttar Pradesh' organised by Council on Energy, Environment and Water and SSEF in Lucknow on February 12-13, 2019.
- **Anurag Mishra** participated in Training Workshop on 'Towards Improving Service Delivery and Sector Health Through Multi-Disciplinary Skills in Electricity Sector' organised by Prayas Energy Group at Pune on February 11-12, 2019.



Advocacy through Media

Building Consumer Trust on Data Driven Innovation

Modern Ghana, March 11, 2019

Pradeep S Mehta and Sidarth Narayan

15th March is celebrated as World Consumer Rights Day and also the National Consumers Day in India and many other countries. The day was chosen because John Kennedy, then President of the US, declared the consumer Bill of Rights to the US Congress in 1961. The Bill affirmed consumer rights being an inalienable part of the national economy. Since 1983, at the behest of Consumers International, government and non-government organisations around the world have been observing the same with one or the other vital theme to attract attention of the people and policy makers. The theme to mark this year's celebrations is 'Trusted Smart Products'.

<https://cuts-accra.org/building-consumer-trust-on-data-driven-innovation/>

An e-commerce policy based on assumptions is unlikely to fulfil our aspirations

Money Control, March 04, 2019

Pradeep S Mehta

It has been forecast that the ecommerce market in India would grow to US\$1.2tn by 2021, while the economy would by then have touched US\$5.0tn. Our Prime Minister has since doubled that figure so that India can target to become a US\$10tn economy by 2030.

www.cuts-ccier.org/Article-an-e-commerce-policy-based-on-assumptions-is-unlikely-to-fulfill-our-aspirations.htm

The role of finance commissions in sustainable development

Mint, March 04, 2019

Pradeep S Mehta and Amol Kulkarni

Irrespective of controversies around the remit of 15th Finance Commission (FC), it is evident from its terms of reference that the government wants it to play a key role in fostering sustainable development in India. Indeed, constitutional status and the ability to suggest far-reaching reforms on financing, allocation and use of funds by three tiers of governance makes the central (and state) FCs completely capable to discharge this role.

www.cuts-ccier.org/Article-finance-commissions-and-their-role-in-sustainable-development.htm



Advocacy through Media

Posturing not enough, only promoting SEZs will bolster FDI inflow

Asian Age, March 01, 2019

Pradeep S Mehta and Amol Kulkarni

It was recently reported that foreign direct investment (FDI) inflows to India dropped by seven per cent to US\$33.50bn in April-December 2018, when compared with the inflow of US\$36bn during the comparable period in 2017. We may soon experience the first full year decline in FDI inflows since the Narendra Modi government assumed office. This will also have an adverse impact on our international trade.

www.cuts-ccier.org/Article-posturing-not-enough-only-promoting-sezs-will-bolster-fdi-inflow.htm

India-Japan ties will get closer if civil society groups are involved

Asian Age, January 09, 2019

Pradeep S Mehta

India's relations with Japan are one of the most unique ones covering trade, infrastructure and strategic issues in a wide sweep. Its gravitas was visible during Prime Minister Narendra Modi's visit to Japan in October for the 13th Annual Bilateral Summit, along with Prime Minister Shinzo Abe of Japan. Of the many issues that were discussed, if we look at the strategic connectivity spanning India's Northeast with Southeast Asia or even the Africa-Asia Growth Corridor, engagement with civil society will help bring in well-grounded perspectives that are so essential for the buy-in of local citizens and the success of the partnership.

www.cuts-ccier.org/Article-india-japan-ties-will-get-closer-if-civil-society-groups-are-involved.htm

The potential of AI in empowering consumers

Mint, January 09, 2019

Pradeep S Mehta

In April 2018, the Department of Economic Development, Dubai, launched a "Smart Protection" service, which adopts Artificial Intelligence (AI) to respond efficiently to consumer queries and resolve their complaints. Through an app called Dubai Consumer, the service engages consumers in a direct dialogue to gather information and, within a few minutes, issues an "empowerment letter" stating details of complaint and instructions to the retailer to resolve relevant grievance within a pre-specified time frame, failing which the retailer risks attracting fines.

www.cuts-ccier.org/Article-The-potential-of-AI-in-empowering-consumers.htm