



Needed Competition Reforms in Sectors Critical to People Welfare



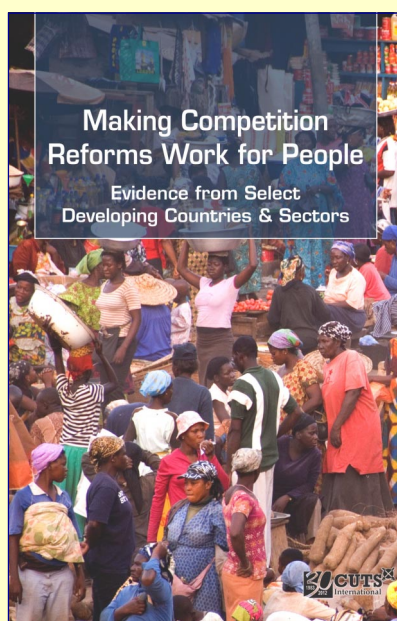
CUTS International released a publication that sheds light on how competition policy can better work for people on the sidelines of the 7th Review Conference of the UN Set on Competition Policy at UNCTAD at Geneva, on July 08, 2015.

The book entitled, ‘Making Competition Reforms Work for People: Evidence from Select Developing Countries and Sectors’, highlights the need for competition reforms in two central sectors of ordinary people’s lives: staple food and bus transport.

The publication is based on evidence from CUTS’ project ‘Competition Reforms in Key Markets for Enhancing Social & Economic Welfare in Developing Countries’ (CREW), funded by Department for International Development (DFID), UK with support from Federal Ministry for Economic Cooperation and Development (BMZ) and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) of Germany.

The aim of the project is to bring attention of policymakers in developing and least developing countries towards effective competition enforcement by linking the same with consumer and producer welfare. The project countries are – Philippines, Ghana, India and Zambia, while the sectors that are being looked under the project are staple food and bus transport.

Pradeep S Mehta, Secretary-General, CUTS International stated that the publication will attract greater attention of policymakers and practitioners on competition



reforms as a means for achieving higher social and economic welfare.

Speaking on behalf of UNCTAD, Guillermo Valles, Director, Division on International Trade in Goods and Services and Commodities, noted the relevance of the evidence contained in the book for the daily life of consumers and producers. “This is arising from the relevant CUTS experience in representing the interests of consumers within the developing world”, he said.

Of course, the introduction of a discussion on competition reforms, especially policies aiming to achieve level-playing field in important sectors are likely to be subject to considerable tribulations and even resistance from some quarters who would benefit from the *status quo*.

According to Ashok Chawla, Chairperson, Competition Commission of India, “This study brings in the kind of debate that is

necessary in developing countries where competition issues are still incipient.”

As one of the countries studied in the book, The Philippines were represented by the Chairman of the Office for Competition of the Philippines, Geronimo Sy, who joined the previous dignitaries in commending the significance of the book.

A significant portion of income, especially of low income groups in developing countries, is spent on essentials, such as staple food and transportation. However, evidence suggests that these commodities are either over-charged or are of sub-standard quality, furthering the woes of poor consumers.

After a surge of market-distorting state-owned monopolies in the 1990s, governments have now begun to liberalise but still find it difficult to give up control and compete with the private sector. A way forward could be to gradually introduce competition in the market and levelling the playing field between state-owned entities and private players, accompanied by sound and effective independent regulation.

As part of its agenda for South-South cooperation, CUTS believes that local capacities need to be built up to absorb regulatory reforms through local ownership. This is why it has worked together with local civil society and research organisations across 30 developing countries to develop ground-level evidence and stakeholder capacity on the need for promoting a healthy competition culture.

<http://www.cuts-ccier.org/CREW>

Green Growth and Energy Security in India

Consumer Unity & Trust Society (CUTS International) has taken up the initiative to explore clean energy strategies related to energy security in India and deliberate on opportunities and challenges. The purpose is to analyse key drivers of growth and development, so that state of its availability and barriers related to energy security can be identified and rectified.

As part of this initiative, CUTS with support from the Friedrich-Ebert-Stiftung (FES, India) would organise three national conferences at Jaipur, Kolkata and Delhi and two parliamentary forums at Delhi and two Parliamentarians Forums to build consensus for the energy security through green growth in India.

National Conference, Kolkata

An event was organised in Kolkata on August 29, 2015 with the primary objective to sensitise the relevant stakeholders on the need for a green growth approach thereby identifying a coherent strategy towards achieving the shared goal of sustainable energy development and clean energy in India.

It comprised of National and State level representatives from government, regulatory agencies, media, industry, civil society organisations etc. including Rabindranath Sen, Chairman, West Bengal Electricity Regulatory Commission, Narayan Swarup Nigam, Chairman, West Bengal State Electricity Distribution Company, Umesh Narayan Panjiar, Chairman Bihar Electricity Regulatory Commission.

The dialogues addressed the green energy debate in a threefold way – accelerating green growth, promoting energy conservation and encouraging energy efficient practices. The discussions emphasised on the need for an improved infrastructure based system as well clarity in the upcoming National Renewable Energy Act. In this event, policymakers were urged to be unbiased while drafting the policies and device it keeping in mind that a large section of India that lives in the rural areas.

The following were the few final outcomes:

- need for political education and understand the implications of such proposals to fulfil such goals;
- Actors, i.e. legislators along with agents such as academicians, think tanks can work together to end the communication gap and catalyse the process of achieving green growth in the country; and
- sound policies should be developed which acts as the guiding force. Also, such policies have to evolve over time through periodic review.



Dignitaries at the National Conference on Green Growth in Kolkata on August 29, 2015



L to R: Jairam Ramesh, Pradeep S Mehta, Suresh P Prabhu and Marc Saxer

National Conference, New Delhi

The final conference was organised at New Delhi on October 05, 2015. The purpose of the event was to sensitise relevant stakeholders on the need for a green growth and discuss India's approach to achieve energy security and address climate challenges as well as deliberate on how to create political will for change.

Several dignitaries attended this event including Suresh Prabhakar Prabhu, Union Minister of Railways, Government of India; Jairam Ramesh, Member of Parliament & Former Environment Minister, Government of India; Marc Saxer, Resident Representative, Friedrich-Ebert-Stiftung, India and Sanjaya Baru, Director for Geo-economics and Strategy,

International Institute for Strategic Studies among others.

<http://www.cuts-ccier.org/Green>

Competition Reforms to Achieve Social and Economic Welfare

CUTS International with support from DFID, UK and BMZ, Germany through GIZ is implementing a project entitled, 'Competition Reforms for Enhancing Social and Economic Welfare in Developing Countries' (CREW).

The first round of the National Orientation Workshop (NOW) and fifth round of the National Reference Group (NRG) meeting was held at Manila, Philippines on September 24, 2015.

The purpose of the NOW was to share the methodology and findings of the project with new stakeholders (beyond the project sectors – bus transport and staple food). The idea was to increase the visibility of the project amongst government officials of non-project sectors and policymakers.

Other sectors in the Philippines were – telecom, ports and energy. Presentations were made by senior and government officials from respective sectors on regulations and practices that distort competition in their sectors.

On the other hand, the fifth NRG meeting was conducted to take stock of activities under the National Advocacy Plan (NAP) with NRG members. Country partners made presentations on the sector-specific NAP activities, followed by open floor discussion with NRG members.



L to R: Pradeep S Mehta, M S Sahoo and Arun Maira

www.cuts-ccier.org/CREW

Advocacy

CUTS Comments on Draft Regulatory Reform Bill, 2015

The National Institution for Transforming India (NITI) Aayog had prepared a revised draft of the Regulatory Reform Bill in September 2015 and invited CUTS to provide comments and suggestions.

CUTS provided detailed comments on the draft Regulatory Reform Bill, 2015. Some of the key suggestions include ensuring independence of selection committee to prevent regulatory capture and sinecures in selection. It was also suggested that ultimate selection be done by the subject parliamentary standing committees rather than the government to promote healthy selections process.

To enable financial independence and accountability of regulatory commissions, it was recommended that the regulatory commissions get their budgets directly from the Ministry of Finance on recommendations of the Parliament, rather than line Ministries to maintain an arms-length distance. Alternatively, CUTS suggested locating the regulatory commissions away from their line ministries and make them accountable to another ministry.

CUTS also provided suggestions to make the provisions relating to regulatory impact assessment process robust; introducing sunset clause of ten years requiring mandatory review of provisions; creation of a Consumer Advocacy Fund for enabling good and quality representation from consumer interests; adoption of Fair, Reasonable and Non-Discriminatory conditions to ensure open access; ensuring targeted subsidies; mandatory consultation between Competition Commission of India and regulatory commissions; and creation of Overlap Arbitration Panel to resolve overlap amongst regulators.

Other suggestions comprise increasing transparency and disclosure; compliance with principles of natural justice; and enabling review of decision of regulatory commissions by appellate tribunal.

www.cuts-ccier.org/pdf/CUTS_Comments_on_Regulatory_Reform_Bill-2013.pdf

Representations

Pradeep S Mehta attended the 7th Review Conference of the UN Set on Competition Policy from at Geneva during July 06-10, 2015.

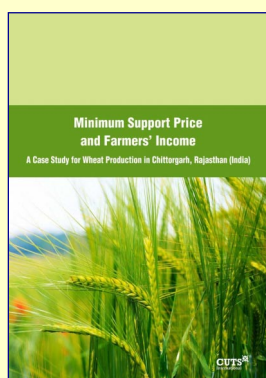
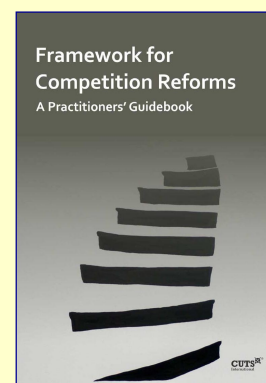
Amol Kulkarni presented a paper on 'Competition and Regulatory Issues in Digital Finance Services' at the ITU Conference on Digital Finance in Malaysia during September 28-October 02, 2015.

Framework for Competition Reforms

A Practitioners' Guidebook

This Guidebook begins with a clear account of some of the best economic studies that show the benefits of competition. It quite rightly then identifies the key challenge as being to link this rather dry academic evidence with outcomes from real policy change; a challenge that the CREW project was established to address with comparative case studies of staple foods and bus transport in four developing countries. It provides the methodology that was used in those studies, refined in an iterative process from the experience of those studies themselves.

http://www.cuts-ccier.org/CREW/pdf/Framework_for_Competition_Reforms-A_Practitioners_Guidebook.pdf



Minimum Support Price and Farmers' Income

A Case Study for Wheat Production in Chittorgarh, Rajasthan (India)

This case study of Chittorgarh district of Rajasthan makes an attempt to analyse the impact of MSP on a farmer's income. To examine the impact of MSP on the farmers' income in Chittorgarh, a total of 91 farmers in 19 villages in three blocks of Chittorgarh district were identified. Through primary surveys and key informant interviews, the study investigated whether the MSP sufficiently covered the cost of wheat production incurred by farmers and also tried to assess the effectiveness of government agriculture support system on the identified farmers.

http://www.cuts-ccier.org/pdf/Minimum_Support_Price_and_Farmers_Income.pdf

Advocacy through Media

The mess that is food regulation

The Hindu Business Line, September 03, 2015

Pradeep S Mehta

The Food Safety and Standards Authority of India (FSSAI) has produced a volcanic blast in the Indian food processing industry. In the process, it is not just Maggi or Nestle which has been singled; the law and the regulator, the Food Safety and Standard Act, 2006 (FSSA), and the FSSAI, have been scathed as well...we need a convergent approach.

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

A new competition law enforcement paradigm

Financial Express, August 17, 2015

Pradeep S Mehta

One of the biggest movie grosser of recent times, Baahubali, was produced in Telugu and dubbed in Tamil, Malayalam and Hindi, and will perhaps be also done in French, Mandarin and Japanese...In a first of its type, the film and TV trade bodies in Karnataka who were blocking dubbing of popular films and serials were hauled up by the Competition Commission of India in a complaint by a consumer group: Kannada Grahakara Koota.

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

Where's the reforms momentum?

The Hindu Business Line, July 24, 2015

Pradeep S Mehta

...Adoption of an overarching competition policy and reforms has resulted in significant benefits across jurisdictions...India should also move fast towards adoption of NCP. It is a non-legislative instrument and the government should not face any bottlenecks in its adoption. Only when NCP is adopted will the government be able to showcase the synergies which could be created.

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

Tackling trade associations' anti-competitive practices

The Financial Express, July 23, 2015

Pradeep S Mehta

Trade associations play the important role of mobilising voices of different players across sectors, which makes it easy for advocacy purposes as well as for negotiating issues of common interest to the members. However, in the process, associations often go beyond their legal mandate and end up being avenues for anti-competitive behaviour.

www.cuts-ccier.org/Article-Tackling_trade_associations_anti-competitive_practices.htm