



## Competition & Regulation Indispensable for Fostering Growth & Investment

CUTS and CUTS Institute for Regulation & Competition (CIRC) organised a Book Release ‘Competition and Regulation in India, 2015’ and Panel Discussion on ‘The Political Economy of Regulation in India: Impact on Investments and Economic Growth’ at New Delhi on September 01, 2016.

Suresh Prabhu, Minister of Railways, in his opening remarks stressed upon efficiency and efficacy in the regulatory governance framework of India to foster competition in each and every sector. He lamented the fact that our markets are quite fragmented and thus competition is thwarted.

Pradeep S Mehta, Secretary, CUTS said that the report is the fifth edition of the biennial report that CUTS and CIRC produce regularly to highlight competition and regulatory issues in select sectors in India. The report also looks at some cross cutting and process issues, and finally carrying out a perception survey. The first one was published in 2007 to fill a gap of such studies in India.

Arjun Meghwal, Minister of State for Finance and Corporate Affairs in his address as Guest of Honour stressed on the benefit of GST for India and government initiatives on ‘*One nation, one taxation*’. He highlighted that competition and regulation should ultimately deliver consumer welfare and therefore function keeping the ultimate consumer in mind.

Arvind Mayaram, Chairman, CIRC and former Finance Secretary of India, in response to a small discussion on the proposed railway regulator, said that since railways own rakes are not paying wheeling



L-R Nitin Desai, Arjun Meghwal, Suresh Prabhu, Pradeep S Mehta and Arvind Mayaram

charges, private parties are uninterested to come as they would have to pay such charges which is uncompetitive.

After the inaugural ceremony, a high level panel discussed “The Political Economy of Regulation in India: Impact on Investments and Economic Growth”, chaired by Nitin Desai, President, CIRC Governing Council and former Under Secretary General, UN.

Desai highlighted the role of political economy in regulations and how it can be further strengthened with more biting powers to regulator without confronting political establishments.

P D Rai, MP (Lok Sabha) highlighted how coal mining in North Eastern states, especially in Meghalaya was a breeding ground of corruption and filled the coffers of politicians and bureaucrats. Speaking about optimal regulation, he said that there should be a proper balance of free market economy which fosters competition along with right dose of regulations.

D K Sikri, Chairman, Competition Commission of India (CCI) lauded the efforts made by CUTS and CIRC in bringing out reports. He highlighted that the current focus of Central Government is ‘*Government to Governance*’.

Harsha Vardhan Singh, Executive Director, Brookings India and former Deputy Director General, WTO said that it is opportune time to assess where we stand today and where we have to go, in this rapidly changing environment through technology interventions and disruptions.

Amit Kapoor, Chairman, Institute of Competitiveness India, provoked a keen debate by advocating for the dismantling of the Indian bureaucratic system and to bring in competition in the system by allowing later entry, rather than automatic promotion.

The event witnessed the participation of senior academicians, sector professionals, research and consumer organisations, media and other experts.

[www.cuts-ccier.org/ICRR2015](http://www.cuts-ccier.org/ICRR2015)



## Quality of Service for Mobile Internet in India

CUTS and IIT, Delhi, organised a seminar on Quality of Service (QoS) for telecom services in India at New Delhi on July 13, 2016. The purpose of the seminar was to bring different stakeholder representatives together and constructively discuss on improving the existing QoS for mobile internet services. The seminar saw representations from the regulator, industry, content providers, academia, research institutions and consumer organisations.

Despite there being regulations on QoS for telecom, these in general is poor, which was reflected by the consumer perception, in a study conducted by CUTS International. The study reflects that there is a need for regulations to be more consumer-centric, wherein the consumer experience of using services becomes satisfactory or better. This may be achieved by incentivising or dis-incentivising operators on QoS differentials, which promotes competition in the sector as well as compels the operators to enhance their QoS.

There were discussions on the steps taken by the Telecom Regulatory Authority of India (TRAI), such as,

consultations to gauge stakeholder insights and the monitoring mechanisms adopted such as the MySpeed Application. One thing, on which all stakeholders agreed, was the provisioning of complete information disclosure to consumers, which may help them chose between services. Information such as bandwidth, maximum/minimum download/upload speeds, latency, etc. should be published by operators.

R S Sharma, Chairman, TRAI, said that TRAI is working on improving QoS with the MySpeed portal and application, which will get better with time as more people will log on to it and share vital data.

The issues pertaining to spectrum such as auction pricing and availability were also discussed, which unfolded the issue of unused and underused spectrum with different institutions. Stressing on it being an important and scarce national resource, the optimal utilisation of spectrum is critical in uplifting the existing QoS scenario in the country.

[www.cuts-ccier.org/QOSII/](http://www.cuts-ccier.org/QOSII/)

## Addressing Regulatory and Competition Barriers to Growth of Payments Banks

CUTS CCIER implemented a research project to identify key competition and regulatory bottlenecks to growth of payments banks in India, with support from Bill and Melinda Gates Foundation. Under the project, a seminar on 'Understanding and Addressing Competition and Regulatory Barriers to Growth of Payments Banks' was organised in New Delhi on July 07, 2016. It focussed on understanding regulatory burden and facilitating growth of payments banks in India, and sharing findings of the study.

The seminar witnessed participation from key stakeholders, including, Shinjini Kumar, CEO, Paytm Payments Bank; Bindu Ananth, Chair, IFMR Trust; Mukesh Sadana, Project Management Specialist, USAID; Lara Gidvani, Regulatory Specialist, GSMA; M K Venu, Editor, The Wire; M S Sahoo, Former Member, Competition Commission

of India; Arvind Mayaram, former Finance Secretary, Government of India; T K Arun, Editor, Economic Times; Sumita Kale, Chief Economist, Indicus Centre for Financial Inclusion; and Pawan Bakhshi, Senior Programme Officer, Bill & Melinda Gates Foundation, India.

The participants discussed issues, such as customer acquisition, lack of interoperability, cost of compliance, customer inconvenience. It was highlighted that use of cash in payments is a huge cost. The need to keep change, and the inability to do so, rob poor of the small amounts

which they are capable of saving. The distance between customer and bank branch has been a barrier for the poor to access banking services. These impediments are expected to be addressed by payments banks. There is a need for collective action to help payments banks achieve a level playing field with other banks.

Participants mentioned that the regulatory approach to treat differently placed entities, i.e. universal banks and payments banks, at a similar footing should be avoided.

[www.cuts-ccier.org/PaymentsBanks/](http://www.cuts-ccier.org/PaymentsBanks/)



## Growth of ICT Sector in India

### *Issues and Challenges pertaining to SEPs*

CUTS International in collaboration with CIRC organised a high powered roundtable conference on the ‘Growth of ICT Sector in India: Issues and Challenges pertaining to Standard Essential Patents (SEPs)’ in New Delhi on August 22, 2016.

The roundtable discussions were initiated by Arvind Mayaram, IAS(R), Former Finance Secretary of India & Chairman, CIRC. The panel discussion was chaired by Sunil Jain and the panel consisted of Rajiv Aggarwal, Joint Secretary, Department of Industrial Policy & Promotion; KD Singh, Joint Director (Law) CCI; Jay P Kesan, University of Illinois; Mahesh Uppal, Director Comfirst India; Payal Malik, Associate Professor, University of Delhi; and Rajiv Kumar Choudhry, Co-founder RHA Legal.

The objective of the roundtable was to facilitate deliberations about the challenges at the interface of Intellectual Property (IP) and competition which may undermine the future growth of the Indian ICT sector. The panellists agreed that standardisation, in general,

and SEPs, in particular encourage innovation and promote dynamic competition in industries. However, the licencing of SEPs which is made subject to FRAND terms by the SSOs is quite controversial and raises anticompetitive concerns.

Recognising that the Indian jurisprudence on FRAND licencing practices for SEPs is at a nascent stage, discussions circled around the issue whether competition authorities like CCI should intervene in the matter or not. Pradeep S Mehta emphasised that in order to foster innovation and ensure sustained consumer welfare in the ICT sector, it is essential to promote generation of IPRs in India and check their abuse.

The conference was a welcome step towards building dialogue amongst a diverse set of stakeholders. The discussions in the conference led to an overall consensus that there is a need for India to create an IP friendly ecosystem and above all, to create an environment which aids in IP generation in India.

<http://compip.circ.in/>

#### Advocacy

### CUTS Comments on TRAI's Pre-Consultation Paper on Net Neutrality

CUTS International submitted its comments on the TRAI's pre-consultation paper on Net-Neutrality. CUTS strongly emphasised on the need for having a neutral internet India and also for India to adopt globally accepted principles of net-neutrality, such as: a) No blocking; b) No throttling and; c) No paid-prioritisation.

CUTS stated that features/schemes such as zero-rating plans, priority lanes, restricted internet/gatekeeping, etc, pose serious threats to consumer's independence. Since the neutral internet, till now, has boosted the economy in terms of jobs and GDP, it has also facilitated innovation, as seen from the rising startup ecosystem, better communication, governance and knowledge exchange. Thus, any changes to neutrality would mean an immediate slowdown to the existing growth.

CUTS also expressed its concerns regarding the traffic management practices adopted by operators. The consultation paper assumed that video data should be given least priority, as it is intended only for entertainment. This is not true and thus data traffic should not be managed based on the type of data. However, there may be allowed priority differentiation based on real time and non-real time data.

The rising data revenue should motivate the operators to expand existing infrastructure to improve the poor QoS, as also reflected by CUTS-IIT study on QoS for internet Services in India. On the security concerns, CUTS opined that for calling services, there should be a regulatory balance, wherein the OTTs are licensed. However, the licensing should ensure minimum obligations and let the market forces determine the cost regime.

Finally, there should be no blocking of lawful content. Until the source and destination are lawful, to ensure consumer's privacy, the operators should not be allowed to open data packet. The recommendations by CUTS on net-neutrality are as follows:

- Keep the principles of net-neutrality, enforce them
- For only the calling apps (for now), include licencing with minimal obligations
- No free data on the basis of usage of specific content, no Zero Rating Plans
- No tracking of user data and no scanning of content from the data packet
- No restriction or differentiation for the lawful data packets

## Seed Community Meeting for Energy Transformation in Rajasthan

CUTS International in collaboration with Friedrich-Ebert-Stiftung (FES) organised the First Seed Community Meeting for Energy Transformation in Rajasthan, at Jaipur on September 06, 2016.

A 'seed community' refers to a social coalition or a multi-stakeholder working group, supposed to brainstorm on implementable catalytic projects/ideas and identify challenges and opportunities for making the projects successful. This formation of a seed community for achieving energy transformation is based on the Transformative Change Making Methodology introduced by Marc Saxer, Resident Director, FES India.

The Rajasthan Seed Community consists of stakeholders representing various interest groups in the value chain, such as the policymakers, utilities, researchers, academia, advocacy groups, consumers, farmers, self-help groups, developers, project deployers and financial institutions.

The event concluded with identification of 27 catalytic projects/ideas by the seed community which can create momentum, political buy-in and social acceptance for the process of energy transformation in the State.



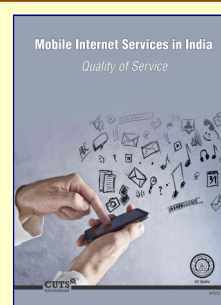
[www.cuts-ccier.org/Green/](http://www.cuts-ccier.org/Green/)

### Publications

#### Mobile Internet Services in India: *Quality of Service*

This study attempts to bring together secondary and primary data to sift issues and provide evidence-based policy recommendations towards better enforcement of the QoS for mobile internet services. It focussed on collecting measurements from several rural and urban areas on the QoS consumers receive from various 2G/3G service providers in India. Data was collected from service providers, such as Idea, MTNL, Airtel and Reliance across rural and urban areas of Madhya Pradesh, Jharkhand and Delhi.

[www.cuts-ccier.org/QOSII/pdf/Mobile\\_Internet\\_Services\\_in\\_India-Quality\\_of\\_Service.pdf](http://www.cuts-ccier.org/QOSII/pdf/Mobile_Internet_Services_in_India-Quality_of_Service.pdf)



#### Beyond a Band-Aid Approach for Electricity Distribution Reforms in India: *Political Economy Analysis and its Implications*

This Discussion Paper analyses issues faced by the distribution sector and evaluates the subsequent reforms *vis-à-vis* their effectiveness in dealing with the issues. It explains the pre-reform scenario of the power distribution sector in order to trace the evolution of problems faced by the sector. The paper analyses the policy design and provisions of the UDAY scheme through the lens of the prevalent political economy dimension within, which the policies are to be implemented and comments on its potential impact on the sector.

[www.cuts-ccier.org/pdf/Beyond\\_a\\_Band-Aid\\_Approach\\_for\\_Electricity\\_Distribution\\_Reforms\\_in\\_India\\_Political\\_Economy\\_Analysis\\_and\\_its\\_Implications.pdf](http://www.cuts-ccier.org/pdf/Beyond_a_Band-Aid_Approach_for_Electricity_Distribution_Reforms_in_India_Political_Economy_Analysis_and_its_Implications.pdf)

#### Evaluation of Competitiveness Among North Indian States

CUTS International with the support from the US Embassy, New Delhi aims to engage with relevant stakeholders, such as policy makers, industries, government departments, media, regulators, etc. from six North Indian States (Rajasthan, Himachal Pradesh, Uttarakhand, Haryana, Punjab, and Uttar Pradesh) and the US and bring them on a common platform for sharing knowledge/best practices on competitiveness issues with focus on 'Ease of Doing Business'. Total six Briefing Papers have been published.

[www.cuts-ccier.org/STATE-COMP/Publication.htm](http://www.cuts-ccier.org/STATE-COMP/Publication.htm)

### Advocacy through Media

#### GST is Only One Sixer in the Long Innings Ahead For India

The Wire, September 14, 2016

*By Pradeep S Mehta and Amol Kulkarni*

A refusal to change our traditional adversarial approach to governance has the potential to hold GST reform hostage. This should not be allowed... The goods and service tax (GST) bill, adopted with bipartisan support, is a step that can be counted as a six in terms of the movement for transformational reforms.

[http://www.cuts-ccier.org/Article-GST\\_is\\_Only\\_One\\_Sixer\\_in\\_the\\_Long\\_Innings\\_Ahead\\_For\\_India.htm](http://www.cuts-ccier.org/Article-GST_is_Only_One_Sixer_in_the_Long_Innings_Ahead_For_India.htm)

#### UNCTAD: Investing in development

Asian Age, August 05, 2016

*By Pradeep S Mehta*

The world is heading towards increasingly uncertain times. Gains from liberalisation are being doubted, protectionism is becoming the rhetoric, inequality is on the rise and value offered by multilateral systems is being questioned.

[http://www.cuts-ccier.org/Article-UNCTAD\\_Investing\\_in\\_development.htm](http://www.cuts-ccier.org/Article-UNCTAD_Investing_in_development.htm)