



## Enhancing Social and Economic Welfare in Developing Countries



Dignitaries at the International Conference in Bangkok on November 18-20, 2014

The Competition Reforms in Key Markets for Enhancing Economic and Social Welfare in Developing Countries (CREW) project is being implemented by CUTS in Ghana, Zambia, India and the Philippines in the staple food and bus transport sectors, with support from DFID, UK and GIZ, Germany through BMZ.

The underlying objective is to develop a toolkit entitled, 'Framework for Competition Reforms' (FCR), which will assist decision makers in undertaking competition reforms in an effective manner.

For the purpose of implementation, the project has been divided into three phases – Diagnostic, Design and the Validation phase. The Diagnostic phase entailed assessment of the sector-specific markets and laws and policies. The findings of the phase have been documented in country specific Diagnostic Country Reports (DCRs), which are currently being finalised. The Design phase as well has taken off, where the first cut of the FCR has been prepared.

Further, the advocacy under the Design and Validation phase has also commenced, where two to three key stories under each sector from the project countries, have been identified as advocacy points and

vetted by the National Reference Group members.

An Advocacy Event 'How Can Competition Reforms Benefit Daily Lives' was jointly organised by CUTS and Office for Competition of Philippines on November 04, 2014. While Philippines Institute of Development Studies made a presentation on the *Bus Transport Findings*, CUTS made a presentation on *The Role of Stakeholders in Competition Reforms*. The seminar was also attended by the Land Transport and Franchise Regulatory Board, which is the government body responsible for providing licences and regulating the franchise system. The seminar recommended that a diligent and effective mechanism to implement the moratorium on the buses needs to be put in place to check the congestion.

An International Conference 'Benefits of Competition on Consumers & Producers in Developing Countries' was held at Bangkok, Thailand on November 18-20, 2014. The conference witnessed members from eminent national as well as international organisations, such as the World Bank, OECD, UNCTAD, UNESCAP, Competition Commission of Pakistan, Office of Competition, the Philippines, Consumers International, Malaysia

and the Ministry of Trade and Industry, Ghana.

The objective of the conference was to introduce the project to relevant members from the competition and regulation background. The key country-specific and synthesis of findings were presented to participants. Further, the FCR was also shared. The conference also provided space for exchange of information regarding existing toolkits for evaluation of competition reforms.

There was consensus that governments should stress on the need for developing modern regulatory framework and institutions to regulate the bus transport sector. It was further noted that maintaining a State monopoly in bus transport services exerted considerable financial pressure on developing countries – so there was a need to identify ways of promoting public-private-partnerships.

The Project Advisory Committee (PAC) and Partners meeting, on the other hand, were annual meetings of the project. In the PAC meeting, succinct feedback was received from the PAC members on the advocacy plans of the country partners and the FCR. While, in the Partners meeting the country specific Advocacy plans were finalised as per the inputs of the PAC members.

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

## Policy Uncertainty Impedes Investment



Institute of  
Economic Affairs

CUTS, jointly with the Institute of Economic Affairs, Kenya organised a side-event at UNCTAD World Investment Forum 2014 in Geneva, Switzerland, on October 16, 2014. The objective was to help stakeholders in developing an actionable programmatic agenda to work towards reducing policy uncertainty and reviving investment.

Pradeep S Mehta, Secretary General of CUTS International outlined the background of the event, indicating that the evidence points to an inverse relationship between policy uncertainty and the level of investment. While political and regional milieu play their part, policy and regulatory prescriptions at domestic and international levels substantially influence uncertainty, thus impacting investment. He further pointed out that given that uncertainty negatively impacts investment inflows, in order to contain it, and revive investment, one needs to understand what causes uncertainty.

The event involved a presentation on the existing literature on the causes and impact of policy and regulatory uncertainty, and was followed by a panel discussion amongst international experts on the subject.

[www.cuts-ccier.org/event-](http://www.cuts-ccier.org/event-Policy_Uncertainty_Impedes_Investment-CUTS_Side_Event_at_the_World_Investment_Forum.htm)

[Policy\\_Uncertainty\\_Impedes\\_Investment-CUTS\\_Side\\_Event\\_at\\_the\\_World\\_Investment\\_Forum.htm](http://www.cuts-ccier.org/event-Policy_Uncertainty_Impedes_Investment-CUTS_Side_Event_at_the_World_Investment_Forum.htm)

## Business Responsibility Guidelines for Pharmaceutical Sector in India

CUTS, with support from the Indian Institute for Corporate Affairs (IICA) and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) Business Responsibility Initiative is developing sector specific guidelines based on the National Voluntary Guidelines (NVGs) on Social, Environmental & Economic Responsibilities of Business for the pharmaceutical



Indian Institute of  
Corporate Affairs  
Partners in Knowledge. Governance. Transformation.



sector. The overarching objective of drafting the pharma sector guidelines is to mainstream the NVGs into the pharma sector in order to help businesses understand, adopt and implement them.

A Project Advisory Group meeting was held at New Delhi on October 30, 2014 which included representations from Organisation of Pharmaceutical Producers of India, Indian Pharmaceutical Alliance, IICA, GIZ, Karnataka Drugs and Pharmaceuticals Manufacturers' Association (KDPMA), among others. The meeting commenced with a brief introduction to the NVGs followed by a presentation on the preliminary analysis done to identify the critical Environment, Social and Governance aspects for the sector. On the basis of deliberations at and finalisation of the key areas, the research team prepared a zero draft of guidelines focussed on critical areas in the pharmaceutical sector.

A Stakeholder Consultation was organised at Bangalore on December 12, 2014 to obtain inputs of state-level actors on the draft guidelines with participation from members of the KDPMA.

[www.cuts-ccier.org/BRGP/index.html](http://www.cuts-ccier.org/BRGP/index.html)

## Documentary on Power Theft 'Katiyabaaz'



CUTS in collaboration with Globalistan Films Pvt Ltd. and with support from the World Bank through Energy Sector Management Assistant Programme (ESMAP) organised outreach programmes to generate awareness amongst the public as well as high-impact stakeholders on issues related to electricity theft through a video documentary, 'Katiyabaaz (Powerless)'.



L-R: Rajendra Bora, RG Gupta, Chhavi Rajawat, R C Sharma and Sunny Sebastain

*Katiyabaaz* is an award winning documentary feature that narrates the story of conflict between citizens of Kanpur and its bankrupt electricity supply company, and is told through the eyes of two protagonists – a woman bureaucrat and an electricity thief whose actions contribute heavily to the electricity utility's losses.

CUTS implemented this project in four states of India; Rajasthan, Bihar, West Bengal and Uttar Pradesh. During October-December 2014, 12 screenings

were organised in three states namely, Bhilwara, Udaipur, Jaipur of Rajasthan, Darbhanga, Madhepura, Arrah, Gaya of Bihar and Azamgarh, Varanasi, Allahabad, Gorakhpur, Ghaziabad of Uttar Pradesh.

The screenings involved dignitaries from state governments (MLAs, regulators, etc.), discoms, district administration, academic institutions, consumer groups, media and key stakeholders. These were followed by floor discussions pertaining to issues as highlighted in the documentary, i.e. menace of electricity theft.

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

## Capacity Building Workshop on Competition Policy and Law

Myanmar is currently drafting a legislation on competition law with ongoing national consultations about the draft competition law. The next steps are critical for effective implementation of the law so that a culture of competition can be nurtured for reaping the fruits of competition.

There are two critical steps required at this stage. First, relates to the capacity building of the staff of competition authority and the persons involved in the establishment of such authority. Second, it is critical to create awareness amongst the businesses and the private sector about the benefits of competition.

It is against this background, a five-day training workshop was conducted with the support of Friedrich Naumann Stiftung in Myanmar during October 27-31, 2014. The main objective was to build the capacity and raise awareness regarding competition policy and law between government stakeholders (Competition Authority) and the private sector. The training programme was divided into two parts. The first part focussed on building the capacity of government officials and judges at Nayi Pi Daw on October 27-29, 2014. The second part aimed at building the capacity and raising awareness of the private sector players at Yangon on October 30-31, 2014.

The key resource speakers were Pradeep S Mehta, Secretary General, CUTS International; Kaushal Kumar Sharma, Formerly Director General and Head of Merger Control & Antitrust Divisions, Competition Commission of India; Udai S Mehta, Director, CUTS International; and Pham Thi Que Anh, Director, CUTS Hanoi.

[http://www.cuts-ccier.org/pdf/Report-](http://www.cuts-ccier.org/pdf/Report-Capacity_Building_Workshop_on_Competition_Policy_and_Law_for_Government_officials_and_Private_Sector_Representatives_Myanmar.pdf)

[Capacity\\_Building\\_Workshop\\_on\\_Competition\\_Policy\\_and\\_Law\\_for\\_Government\\_officials\\_and\\_Private\\_Sector\\_Representatives\\_Myanmar.pdf](http://www.cuts-ccier.org/pdf/Report-Capacity_Building_Workshop_on_Competition_Policy_and_Law_for_Government_officials_and_Private_Sector_Representatives_Myanmar.pdf)

Friedrich Naumann  
STIFTUNG FÜR DIE FREIHEIT



Participants during the training workshop at Yangon on October 30-31, 2014

## Adoption of Regulatory Impact Assessment Framework in India

CUTS is implementing a project entitled 'Facilitating the Adoption of Regulatory Impact Assessment (RIA) Framework in India' with support from The British High Commission, New Delhi. The project will run in two cycles of around one year each, and each cycle will be followed by advocacy and capacity building exercises for the Central government and regulatory agencies.



British High Commission

A state-level seminar on 'Indian Financial Code' was organised jointly with National Institute for Public Finance and Policy at Jaipur, Rajasthan on November 15, 2014. The objective was to discuss key recommendations in the form of Indian Financial Code and the challenges faced in the adoption of its provisions.

A focussed group discussion on 'Impact Assessment of Debt Recovery Laws in India' was organised at Mumbai on December 23, 2014. It comprised a brief presentation on the subject setting out the research undertaken, initial findings and issues for discussion. A roundtable discussion amongst industry representatives, sector experts, market participants, and academia, *et al*, on the challenges in debt recovery and way ahead, was also held.

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

## Advocacy

### Submissions regarding the Proposed Merger between Lafarge and Holchim

CUTS submitted its valuable insights to the Competition Commission of India (CCI) on the proposed merger between Lafarge S.A (Lafarge) and Holchim Limited (Holchim) on December 12, 2014. On a *prima facie* opinion that the combination is likely to have an appreciable adverse effect on competition, CCI directed the parties to submit Form IV on which it invited public comments.

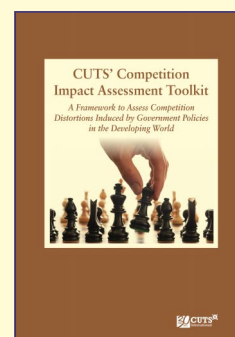
The submissions mentioned the relevant market share in grey cement industry and concrete in India, highlighting their perishable nature and distribution constraints. Being major cement companies, these parties might form vertical integrated market producing its own clinker to manufacture cement and open outlets for distribution, limiting competition in the relevant market.

CUTS suggested investigation by an independent committee as the information submitted by the parties could not be solely relied upon. It further proposed in-depth investigation by the Director General office. Looking into the international scenario where Lafarge-Holchim merger has been approved, divestment of assets was recommended.

[http://www.cuts-ccier.org/pdf/CUTS\\_Submissions\\_regarding\\_the\\_Proposed\\_Merger\\_between\\_Lafarge\\_and\\_Holchim.pdf](http://www.cuts-ccier.org/pdf/CUTS_Submissions_regarding_the_Proposed_Merger_between_Lafarge_and_Holchim.pdf)

## CUTS' Competition Impact Assessment Toolkit A Framework to Assess Competition Distortions Induced by Government Policies

Due to the anticompetitive outcomes in the formulation and implementation of many government policies, there is a need to scrutinise and assess them on the touchstone of competition and the impediments they are likely to cause to the market process. To achieve this, a review of government policies at both the state and central levels therefore becomes essential. While the Competition Assessment Framework devised by DFID is a market study, the Competition Assessment Toolkit of the OECD assesses the impact of government policies on competition. This Toolkit is a complement to the previous ones in that it focuses on competition distortions caused by government policies based on the additional elements of the competition principles.



[www.cuts-ccier.org/compeg/pdf/CUTS\\_Competition\\_Impact\\_Assessment\\_Toolkit-](http://www.cuts-ccier.org/compeg/pdf/CUTS_Competition_Impact_Assessment_Toolkit-)

[A\\_Framework\\_to\\_Assess\\_Competition\\_Distortions\\_Induced\\_by\\_Government\\_Policies\\_in\\_the\\_Developing\\_World.pdf](http://www.cuts-ccier.org/compeg/pdf/CUTS_Competition_Impact_Assessment_Toolkit-A_Framework_to_Assess_Competition_Distortions_Induced_by_Government_Policies_in_the_Developing_World.pdf)

### Bill Blow-up

#### The Real Estate (Regulation and Development) Bill, 2013

The Real Estate (Regulation and Development) Bill, 2013 (the Bill) seeks to regulate transactions between buyers and sellers in the residential real estate sector to ensure consumer protection and standardisation of business practices. The Bill provides for establishment of the state-level regulatory authorities called the Real Estate Regulatory Authority (RERA) to register residential real estate projects for regulation and promotion of the real estate sector.

[www.parfore.in/pdf/](http://www.parfore.in/pdf/)

[The\\_Real\\_Estate\\_\(Regulation\\_and\\_Development\)\\_Bill-2013.pdf](http://www.parfore.in/pdf/The_Real_Estate_(Regulation_and_Development)_Bill-2013.pdf)

### Briefing Paper

#### Rooftop Technology for Power Generation in India: Issues and Challenges

The bulk of the responsibility for fulfilling the energy demands of India has been on non-renewable sources which are plagued with issues of supply and irreparable damage caused to the environment. Thus, the focus on renewable energy sources is increasing. The Briefing Paper aims to provide an overall understanding of the rooftop photovoltaic solar technology and its possible role in addressing the issue of energy security in India. It discusses policies in place in India at the Centre and state-level and also the potential challenges in large scale adoption of this technology.

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

[Rooftop\\_Technology\\_for\\_Power\\_Generation\\_in\\_India\\_Issues\\_and\\_Challenges.pdf](http://www.cuts-ccier.org/pdf/Rooftop_Technology_for_Power_Generation_in_India_Issues_and_Challenges.pdf)

### Advocacy through Media

#### Tailoring competition laws for state units

The Asian Age, November 22, 2014

*Pradeep S Mehta*

When our public sector is much in news whether it involves privatisation or disinvestment, it is worth recalling whether they are good corporate citizens, especially when they are monopolies. Many are not. This was evident when the Competition Commission of India fined a whopping Rs 1,773 crore on Coal India for abuse of dominance in December 2013.

[www.cuts-ccier.org/Article-](http://www.cuts-ccier.org/Article-Tailoring_competition_laws_for_state_units.htm)

[Tailoring\\_competition\\_laws\\_for\\_state\\_units.htm](http://www.cuts-ccier.org/Article-Tailoring_competition_laws_for_state_units.htm)

#### Power to all, and how

The Asian Age, December 22, 2014

*Pradeep S Mehta*

Energy markets...have to be competitive and well regulated. In order to achieve the goal of 'power to all' in India, the Indian Energy Minister Piyush Goyal needs to be cognisant of all the challenges and present a clear way forward to overcome them in order to live up to the government's motto of *achche din*, which is the need of the hour for consumers and producers of power in India.

[www.cuts-ccier.org/Article-Power\\_to\\_all\\_and\\_how.htm](http://www.cuts-ccier.org/Article-Power_to_all_and_how.htm)

#### Myanmar's economy on a growth path

The Asian Age, November 06, 2014

*Pradeep S Mehta*

India shares a border with Myanmar and have a treaty to build the India-Myanmar Friendship Highway and the India-Myanmar-Thailand Trilateral Highway. The Friendship Highway is lagging but one hope it will pick up speed soon after the Government of India has agreed to increase its role.

[www.cuts-ccier.org/Article-](http://www.cuts-ccier.org/Article-Myanmars_economy_on_a_growth_path.htm)

[Myanmars\\_economy\\_on\\_a\\_growth\\_path.htm](http://www.cuts-ccier.org/Article-Myanmars_economy_on_a_growth_path.htm)

#### Aviation sector must to be competitive

The Asian Age, November 13, 2014

*Pradeep S Mehta*

Lobbying in the Aviation Sector seems to be fading away with Air India deciding to pull out of Federation of Indian Airlines (FIA) despite being its founding member since 2006. According to news reports there were differences over the re-organisation of the aviation sector. The industry, however, still requires some progressive steps from the government to ensure a level playing field.

[www.cuts-ccier.org/Article-](http://www.cuts-ccier.org/Article-Aviation_sector_must_be_a_lot_more_competitive.htm)

[Aviation\\_sector\\_must\\_be\\_a\\_lot\\_more\\_competitive.htm](http://www.cuts-ccier.org/Article-Aviation_sector_must_be_a_lot_more_competitive.htm)