



Linking Competition and Regulatory Reforms with Sustainable Development Goals



Participants at the Biennial Conference in Nairobi

reforms can be used in contributing to SDGs, a roadmap for the international competition community to consider for the future.

Amongst issues being discussed in the conference it

CUTS International organised the final conference of the project, Competition Reforms in Key Markets for Enhancing Social & Economic Welfare in Developing Countries at Nairobi, Kenya on December 12-13, 2015. The conference on relevance of competition and regulatory reforms in pursuing Sustainable Development Goals (SDGs) drew from the findings of the CREW project which demonstrates the impact of competitive markets on producer and consumer welfare.

This conference was also fourth in the series of CUTS-CIRC Biennial conferences that it has been organising every two years to

highlight key issues in the interface of Competition, Regulation and Development – especially from the perspective of developing and least developed countries. It was supported by DFID (UK), BMZ (Germany), GIZ (Germany), OECD, World Bank, UN and G-77.

Mukhisa Kituyi, Secretary General, UNCTAD inaugurated the conference along with Frederic Jenny, Chairperson, OECD Competition Policy Committee. The purpose of the conference was to share knowledge amongst the global community and undertake a discourse on highlighting ways in which competition and regulatory

was agreed on that the upholding of competition is not limited to the purview of competition authorities alone. It is broader concept encompassing all policies, regulations, laws and practices that can be pro-competitive and/or anti-competitive in their very structure. The discussions were also focussed on the role of competition in achieving the SDGs.

A ‘call for papers’ was jointly issued with OECD in early 2015 and several papers were received from international researchers and practitioners. CUTS would be publishing a conference volume.

Pro-Competitive Policy Reforms in India

A PARFORE meeting entitled ‘Pro-Competitive Policy Reforms at the State & National Levels in India: Lessons from Agriculture & Bus Transport sectors’ was held under the CREW project at New Delhi, on December 23, 2015.

The objective of the meeting was to present key findings of the project from the state (bus transport in Gujarat and Ahmedabad and wheat in Bihar and Rajasthan) to the national front, in particular MPs and relevant institutions such as the *NITI Aayog*, Competition Commission of India.

A CUTS report, ‘Competition and Regulation in India, 2015’ – a biennial publication which encapsulates issues pertaining to the state of competition and regulation in India – was released by V P Singh, MP; Ramesh Chand, Member, *NITI Aayog*; Renuka Jain, Adviser, CCI; Payal Malik and Pradeep S Mehta, Secretary General, CUTS International.



L-R Pradeep S Mehta, Payal Malik, V P Singh, Ramesh Chand and Renuka Jain

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

Regulatory Impact Assessment Framework in India



Participants during the Training Seminar in Jaipur

broad goals and scope of RIA. Further, main features of RIA framework were discussed, concept of incentives was explained and regulations made in different jurisdictions were highlighted.

The draft RIA Toolkit prepared by CUTS International, on the basis of its experience of conducting RIA in electricity generation and financial sector in India was presented to participants.

A Seminar was also organised on 'Adoption of Cost-Benefit Analysis in

India: The Challenges' under the project at Jaipur on October 30, 2015. The main focus of this Seminar was to sensitise participants on the need for regulatory reforms in India, the adoption of cost/benefit analysis and focus on various challenges, political, capacity related, awareness, etc.

The first year of this project focussed on RIA on debt recovery legislations, and was concluded in mid-2015. The second cycle involves RIA in insurance sector. A National Reference Group (NRG) meeting for second cycle of the project was organised on October 30, 2015 to discuss the scope and implementation strategy for this cycle.

www.cuts-ccier.org/BHC-RIA/

CUTS International organised a Training Programme, Seminar and National Reference Group Meeting on Regulatory Impact Assessment under the project entitled, 'Facilitating the Adoption of Regulatory Impact Assessment Framework in India' at Jaipur in October 2015.

A four-day training programme was organised at Jaipur during October 26-29, 2015. The focus of the workshop was to generate awareness and build capacity of government officials, regulatory agencies, research institutions, practitioners and civil society institutions to adopt and conduct RIA.

The programme began with an introduction to RIA, its benefits, adoption across the countries as well as the

World Competition Day

Competition Issues in Public Procurement

CUTS has been campaigning to observe December 05 as the World Competition Day (WCD). This drive was introduced to ensure that consumers from across the world realise the potential benefits from an effectively implemented competition regime and play their role in making competition regimes work worldwide. CUTS intends to spread awareness among the citizens on the benefits of a competitive market structure as well as the harmful effects of anti-competitive practices not only at national but also at the international level.

The theme for this year was 'Competition Issues in Public Procurement' as proper functioning of public procurement would enhance the economy of the country by generating demand and consumption. Competition concerns in public procurement can be seen from both the demand side, i.e. the procurer and from the supply side.



Participants commemorating World Competition Day

This year, CIRC organised events comprising of theme talk and a subsequent panel discussion, both dealt with importance of competition for innovation, cost-effectiveness and economic growth. Malawi organised a parade to spread awareness under the theme of 'Market Dominance and Consumer Welfare' and Botswana celebrated WCD where the staffs of Competition Commission explained their mandates, operations and activities to members of the public and the business community.

At present, around 23 countries around the world including Republic of Bulgaria, Philippines, Germany, Russia etc. have been observing December 5 as WCD. It is critical that the focus on competition policy and law issues at an international level be strengthened, which can be achieved through celebrating December 5 as WCD.

www.incsoc.net/World_Competition_Day.htm

Green Growth and Energy Security in India



A Parliamentary Forum on ‘Green Growth and Energy Security in India’ was organised to discuss the political economy transformation and challenges, at New Delhi on November 26, 2015.

MPs that contributed to discussions included Sugata Bose, All India Trinamool Congress; V P Singh Badnore, BJP; Mani Shankar Aiyar, Indian National Congress; Rangasayee Ramakrishna, BJP; Dinesh Trivedi, All India Trinamool Congress and B J Panda, Biju Janata Dal. Marc Saxer, Kabir Seth and Sehaj Malik also participated from Friedrich-Ebert-Stiftung (FES, India).

This was the final event organised as a part of the project which aimed at creating a political mandate to encourage utilisation of renewable energy thereby reducing the dependence on energy needs on neighbouring countries and subsequently meeting the energy demand of the country.

The key purpose of the study was to analyse key drivers of growth and development, so that state of its availability and barriers related to green growth and energy security can be identified and rectified.

Saxer revealed that technological breakthroughs have empowered the green energy revolution to advance. Success can be seen in the case of storage and distribution of solar power through modern technological solutions

which has reduced the cost of production. In the short run, the energy transformation drives up energy cost, however, in the long run, higher energy efficiency and lower cost for solar energy significantly reduce the cost of energy.



L-R Marc Saxer, V P Singh Badnore, Rangasayee Ramakrishna, B J Panda, Pradeep S Mehta, Mani Shankar Aiyar

However, Aiyar pointed out that the situation in India is a complex one and reliance on fossil fuel is essential for the present times.

Adding to the discussions, Bipul Chatterjee, Executive Director, CUTS International mentioned that India does not lack vision but political discourse about finding ways to create jobs in a sustainable way.

The session was concluded by highlighting the need for creating dichotomy between growth and environment concern. As a precondition for growth, emphasis must be placed on paradigm shift to green energy.

www.cuts-ccier.org/Green/

CUTS Comments on Draft National Civil Aviation Policy 2015

The Draft Civil Aviation Policy 2015 (DP) was introduced to achieve the desired goals of the aviation industry. It has been applauded for its efforts towards introducing healthy competition into the sector by encouraging level playing field to various sub-sectors, including Airlines, Airports, Cargo, Maintenance Repairs and Aerospace Manufacturing. The present draft policy has taken care of the challenges to commercial viability as well as policy related restrictions on expanding capacity.

In this regard, CUTS had submitted its suggestions on certain relevant matters to be considered. One of them was eliminating the 5/20 Rule as it would encourage more number of players to fly abroad, thereby boosting investments into the economy. The draft also encouraged regional connectivity indicating affordable flying to middle class man which was well appreciated by CUTS.

In India, the aviation industry is witnessing a competitive phase, where both the legacy and the newly entered low-cost carriers are engaged in fierce competition in terms of adding capacity, adding routes, adding features and products and dropping airfares. With regards to allowing FDI into the sector, it was suggested that increase in FDI to above 50 percent would only pave way for strategic investments by foreign carriers.

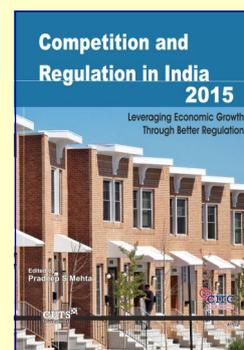
It was also submitted that India must go ahead and seek for reciprocal opening of Airlines industry in other countries, in return allowing open access of its market to foreign carriers. While open skies is a desirable long-term outcome, it cannot be achieved by a single nation alone. CUTS also provided suggestions on few relevant issues regarding consumer welfare and security of passengers.

www.cuts-ccier.org/pdf/CUTS_International_Comments_on_the_draft_National_Civil_Aviation_Policy_2015.pdf

Competition and Regulation in India, 2015

Given the crucial need of a well-functioning regulatory apparatus for the economic governance for a developing country like India, it is essential to evaluate such regulatory bodies in terms of their performance, effectiveness, independence, awareness as well as usefulness.

This series of India Competition and Regulation Report, 2015 brought out by CUTS projects the true scenario of regulation and competition in select relevant sectors; conduct perception survey from relevant stakeholders regarding several regulatory and competition issues; consequently providing recommendations and suggestions to improvise the current state of regulatory structure in the country.



Concerns with Respect to Payments Banks in India

The Reserve Bank of India (RBI) granted in-principle approval to 11 applicants to set up payments banks in India. It had issued operational guidelines for payment banks in November 2014 and provided clarifications thereon in January 2015. The Briefing Paper highlights competition and regulatory concerns with respect to structure and operation payments banks, on the basis of review of existing literature and guidelines.

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

Regulatory Impact Assessment: Hydro Sector in India

Regulatory Impact Assessment (RIA) comes as a facilitating tool to estimate costs and benefits before the decision is taken. This Briefing Paper discusses CUTS' case study on hydro sector in Himachal Pradesh where it has intricately explained various steps involved in RIA. In addition, by identifying the problem and undertaking thorough cost and benefit analysis, best alternative is selected for adoption.

www.cuts-ccier.org/BHC-RIA/pdf/Regulatory_Impact_Assessment-Hydro_Sector_in_India.pdf

Advocacy through Media

Indian industry's fundamental flaw

The Hindu Business Line, December 24, 2015

Pradeep S Mehta

Steve Jobs once said, "Innovation distinguishes between a leader and a follower." The Centre's 'Make in India' initiative also aims at transforming India into a manufacturing leader and thus, is being promoted aggressively by the Prime Minister on all platforms. The initiative has prompted some notable electronic manufacturers to express interest in manufacturing in India... o, is India gaining or losing in the game?

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

Independent regulator is needed on land acquisition

The Asian Age, December 08, 2015

Pradeep S Mehta

The debate on the land acquisition law has turned full circle with the centre now asking states to make their own laws. It is important to understand that land is a hereditary asset and a means of livelihood not only for many owners but also those dependent on it. On the other hand, there are critical issues of jobs to be created for around 12 million people each year.

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

Government policies hamper competitive neutrality?

The Asian Age, November 22, 2015

Pradeep S Mehta

A large number of cases before the Competition Commission of India show how policy distortions lead to them. If only, our draft National Competition Policy (NCP) is implemented the case load will mainly be of firm level malpractices and distortions addressed separately...case of our four public sector general insurance companies who were recently hauled up for collusion. Were they at fault for doing it?

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

Achilles heel of the power sector

The Hindu Business Line, October 15, 2015

Pradeep S Mehta

The power sector in India faces a paradoxical situation. In some cases, distribution companies are unable to buy power from generation companies due to financial problems. Consequently, the discoms are starving their consumers and the gencos are cutting down their production.

www.cuts-ccier.org/Media_Achilles_heel_of_the_power_sector.htm