



Digital Economy, Innovation and Competition

Consumer Unity & Trust Society (CUTS) and CUTS Institute for Regulation & Competition (CIRC), organised a Panel Discussion on 'Digital Economy, Innovation and Competition' to celebrate the World Competition Day (WCD) at New Delhi on December 05, 2018.

Arvind Mayaram, former Finance Secretary of India and Chairman, CIRC, said in his opening remarks opined that the Digital Economy is a major driver of economic growth in the 21st century and is fuelled by the rapid emergence of digital innovations. Digital markets are generally perceived to benefit consumers through more choices, lowered prices, increased transparency and improved product quality, they also present novel and complex competition concerns such as potential to disrupt established practices, pose entry barriers, exhibit market concentration, etc.

However, being characterised by Big Data, platform-based business modes, multi-sided markets, network effects and tipping, user feedback loops, common institutional investments, etc, it becomes pertinent to deliberate upon the contemporary competition law challenges faced by the innovation-led digital economy.

Pradeep S Mehta, Secretary General, CUTS, through a video address stated light that celebrating WCD was noted to be one of the important advocacy campaigns spearheaded by CUTS since 2010. The aim of the campaign was highlighted to ensure that consumers from across the world realise the potential benefits from an effectively implemented competition regime, and also play their role in making



Dignitaries gathered to celebrate World Competition Day

competition regimes work worldwide.

The significance of the date, i.e. December 05 was also mentioned, as the day when the General Assembly approved the UN Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices in 1980.

It is important to note that since its conceptualisation in 2010, the initiative has picked-up momentum, and has been supported by as many as 30 competition agencies across continents – different parts of Asia, Africa, Europe and Russia. The role played by NGOs and international organisations was also pointed-out. The Organisation for Economic Cooperation and Development is the latest addition to the number of agencies supporting the initiative.

During the discussion, Dhanendra Kumar, former Chairman, Competition Commission of India (CCI) extended his support and advocated for the need of adopting WCD on December 05. He expressed his concern over the inadequacy of the current competition tools in regulating the modern disruptive

business models, which are often driven by Big Data, AI-led algorithms and network effects.

Geeta Gouri, former Member, CCI, also expressed her support in favour of adopting WCD. She further observed that the current competition regime in the country was not dynamic enough to cope-up with the rapidly and constantly evolving digital economy. She highlighted issues related to abuse of dominance and cartelisation in digital markets, and also cautioned against large foreign players entering emerging markets in developing countries.

Sanjeev Bikhchandani, Executive Vice Chairman, Infoedge (Naukri.com and JeevanSaathi.com) voiced his support for ethical competition in the era of disruption, citing various benefits emanating from it for all stakeholders.

Mukund Kulashakaran, Vice President, Business Development, UrbanClap, highlighted that the underlying purpose of competition law is to ensure consumer welfare, which makes its effective enforcement of prime importance in the digital era.

Design in India to Maximise 5G Opportunities

CUTS and CIRC organised a Roundtable Discussion on ‘Design in India to Maximise 5G Opportunities’ at New Delhi on November 30, 2018.

The Roundtable witnessed detailed discussions on the way forward for India to move up the global value chain from ‘manufacturing’ of Information and Communications Technology (ICT) equipment like mobile phones to ‘designing’ of such equipment, in the context of 5G ecosystem.

Yaduvendra Mathur, Additional Secretary, NITI Aayog stated that in order to shift from manufacturing to designing in the ICT sector, India needs to adopt designed thinking and an approach of policymaking - that emerges from practice and is evidence-based.

By illustrating the transformative change from the erstwhile Planning Commission to the NITI Aayog, Mathur highlighted that India needs to get out of the capture of the past approaches wherein policies were drafted and then practiced on the ground. Evidence-based policy making requires collection and management of on ground data which then feeds into the policy framework to make it effective. He emphasised that evidence based policymaking is crucial for devising optimal regulations and sub-optimal regulatory provisions can kill innovation and start-ups.

Vipin Tyagi, Executive Director, C-DOT reinforced this view by stating that policymaking needs to catch-up with rapidly advancing technology. He further stated that for India to increase its global competitiveness in the evolving digital space, core innovation through



L-R: Vikram Tiwathia, Arvind Mayaram and Pradeep S Mehta releasing two reports published by CUTS & CIRC

Research and Development (R&D) needs to be encouraged. This would require investments, market access for start-ups and generation of fundamental innovation capabilities.

Furthermore, highlighting the opportunity that 5G poses, Pradeep S Mehta stated that it is imperative for India to invest in ‘innovation’, if it wants to reap maximum benefits from the upcoming 5G-ecosystem. Consequently the focus needs to be enlarged from ‘Make in India’ to ‘Design in India’.

Arvind Mayaram highlighted four critical areas for leveraging the 5G opportunity that included policy to map out India’s vision, regulation to determine how fast we grow, finance to support high-risk research and innovation and market that will determine India’s ability to support the emergence of new age markets.

The roundtable also saw the release of two research reports, namely: Standards Development and the 5G opportunity by CUTS; and Linkages between IP Protection and Start-ups in India by CIRC.

www.cuts-ccier.org/Event-Design_in_India_to_Maximize_5G_Opportunities-nov30-2018.htm

Future of Jobs in India

Creation of jobs and better livelihoods is crucial for policymakers across the globe, including India. With transformations taking place in the form of automation and digitalisation along with diminishing export markets, there is a need for participatory process of decision making and to create a stronger alignment amongst the stakeholders towards a national agenda like job growth.

In this context, a Roundtable on Future of Jobs was organised by CUTS and Friedrich-Ebert-Stiftung (FES), India at Shillong, Meghalaya on October 09, 2018 with an objective to identify and map the current discourse communities and the actors driving the discourses in the context of future of jobs in India and capture the regional perspective of north-eastern states in India, with respect to job creation.



The Roundtable was moderated by Abhishek Kumar, Director, CUTS and Sehaj Malik, Programme Adviser, Economy of Tomorrow, FES India. The meeting was attended by stakeholders from industry, academicians and civil society organisations.

The discourses in the north-east largely reflected the communal identity outlook and hence the policy interventions must cater to the regional needs. Further, it was also observed that despite of a vibrant civil society movement in the region, they could not create the desired political mass.

www.cuts-ccier.org/foji/index.htm

Submission to Competition Law Review Committee

CUTS and CIRC made a joint submission to the Competition Law Review Committee, which has been set up by the Ministry of Corporate Affairs, India to strengthen and re-calibrate the Competition Law so that it is in sync with the needs of strong economic fundamentals and the increasing size of the Indian economy.

It has been pointed out that the present review exercise is also important to get the competition regime well equipped to deal with the changing nature of the economy, particularly due to de-globalisation and digitalisation of economy. Both factors are in turn inducing substantial changes in the existing market structure and behaviour of firms, as well as posing newer competition concerns.

The submission proposed that the Committee should take a holistic approach, by looking not only at competition law and its enforcement, but also looking at competition policy tools to promote economic democracy. The following steps were proposed: preparing an inventory of new age competition concerns; flagging concerns that could be dealt with competition policy approach; flagging concerns that would not require changes in the present Competition Acts and Rules, but will require changes in enforcement approach; flagging concerns that require changes in competition rules; and lastly identifying concerns that would require changes in the existing Competition Act.

The submission deliberated, among others, on the following competition concerns: growing economic concentration; market power in digital economy; combinations; cartels and leniency; jurisdictional conflict with sectoral regulators; safeguarding interests of small businesses and farmers; enhanced competition advocacy; and independence of CCI.

www.cuts-ccier.org/pdf/CUTS-CIRC_Submission_to_Competition_Law_Review_Committee.pdf

Improving Policy Coherence to Attract Export-oriented FDI for Sustainable Development

This interactive session was organised by CUTS at Geneva on October 26, 2018, which addressed the challenges that developing countries face when designing investment policies for sustainable development, with particular attention to investment policy coherence issues that arise when aiming to attract export-oriented foreign investment and generate concrete sustainable development benefits.

On the panel were Pradeep S. Mehta, Secretary General, CUTS; Rajesh Aggarwal, Chief, Trade Facilitation and Policy for Business, International Trade Centre (ITC); Adrienne Klasa, Development Finance Editor, FDI Magazine and the Banker; Thierry Kalonji, Director, Investment and Promotion and Private Sector Development, Common Market for Eastern and Southern Africa (COMESA); Betty Maina, Principal Secretary, State Department of Investment and Industry, Ministry of Industry, Trade and Cooperatives, Kenya.

The panel reflected on how to balance the concerns of foreign investors with those of host countries, including with respect to creating linkages and building capacities for local stakeholders and local industries. Speakers particularly looked at features of regulatory frameworks that potentially disincentivise foreign investors, and questioned the policy objectives underpinning them.

Towards devising concrete solutions building on their first-hand experience as investment experts and practitioners, panellists also suggested ways to build capacities of developing and least developed countries for them to achieve better coherence of their national investment policies and eventually attract foreign investment for sustainable development. The criticality of policy coherence from an investor point of view was highlighted and also the certainty about their land ownership.



L-R: Adrienne Klasa, Pradeep S. Mehta and Rajesh Aggarwal

www.cuts-ccier.org/Event-CUTS_Breakout_Session-Oct26-2018.htm

Standards Development and the 5G Opportunity

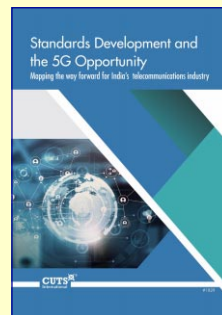
Mapping the way forward for India's telecommunications industry

Many implementers and manufacturers in India have advocated for the need to regulate licensing of the underlying patented technology of the standard, which takes the form of Standard Essential Patents (SEPs). The primary concern is that after the standard has been set through the collaborative process, licensing of SEPs is prone to abuse by its owners and SEP users are at a competitive disadvantage in the market.

In light of such resentment towards SEPs, which are products of collaborative standards development processes, we conducted an objective comparison between the underlying ways of approaching standards development, which included: proprietary standards, government-led standards and the current collaborative standards. Keeping in mind the interests of various stakeholders, and based on various parameters of comparison, such as: the standard development process, R&D incentives, competition, innovation, interoperability, economies of scale, etc. the study highlights the relative superiority of collaborative standard setting processes.

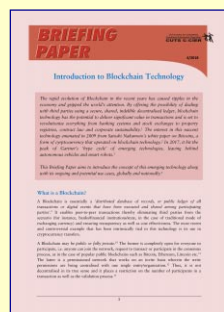
Based on this analysis, the report further highlights that instead of mulling sub-optimal regulation of SEPs, there is a need for policymakers and domestic players in India to utilise the collaborative standards development process as a ladder for growth and leverage it fully to compete in the global market.

www.cuts-ccier.org/pdf/Report-Design_in_India_to_Maximize_5G_Opportunities.pdf



Introduction to Blockchain Technology

The rapid evolution of Blockchain in the recent years has caused ripples in the economy and gripped the world's attention. By offering the possibility of dealing with third parties using a secure, shared, indelible decentralised ledger, blockchain technology has the potential to deliver significant value in transactions and is set to revolutionise everything from banking systems and stock exchanges to property registries, contract law and corporate sustainability. The interest in this nascent technology emanated in 2009 from Satoshi Nakamoto's white paper on Bitcoins, a form of crypto-currency that operated on blockchain technology.



In 2017, it hit the peak of Gartner's 'hype cycle' of emerging technologies, leaving behind autonomous vehicles and smart robots. This Briefing Paper aims to introduce the concept of this emerging technology along with its ongoing and potential use cases, globally and nationally.

<http://www.cuts-ccier.org/Publications.htm>

Representations

Udai S Mehta participated in the OECD 17th Global Forum on Competition at Paris between November 29-30, 2018. He intervened in two sessions – Competition and Gender & Competition Law and State-Owned Enterprises. (Competition Law and State-Owned Enterprises).

Udai S Mehta participated as a speaker and made a presentation at ITU Workshop on 'Telecommunication Service Quality Regulatory Frameworks and Experience-Driven Networking' at Geneva, Switzerland on November 26, 2018.

Sidharth Narayan moderated a session 'Consumer Perspectives in the Era of Digital Technologies' in the Digital Citizen Summit, organised by Digital Empowerment Foundation at New Delhi on November 01, 2018.

Rahul Singh participated in the 7th AFI Annual Forum 2018, organised by Action for India at Alibaug, Maharashtra between October 03-05, 2018.

Advocacy through Media

Busting myths: 'Make in India' to 'Design in India'

Asian Age, December 19, 2018

By Pradeep S Mehta

One of the objectives of the NDCP has been of enhancing India's contribution to GVCs of mobile handset production.

www.cuts-ccier.org/Article-busting-myths-make-in-india-to-design-in-india.htm

Improving the business climate

Live Mint, November 27, 2018

By Pradeep S Mehta

The World Bank's Doing Business 2019 report is out and the government has lapped it up for obvious reasons. No large country has registered gains like India in the past couple of years. The government deserves credit where it is due.

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

Empirical knowledge needed for job creation

Live Mint, October 29, 2018

By Pradeep S Mehta

We need to get down to the ground, at an enterprise level, to assess what works and why, and what it is that make enterprises value human resources.

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