

CUTS IN ACTION

25 YEARS
1983 2008
CUTS
International

January-March 2009

Five Years of Progress and Digress



As we head towards a general election to elect a new government at the centre, it will be worthwhile reviewing the successes and failures of the Manmohan Singh administration over the last five years in addressing the reform agenda. This administration did not lack in expertise – a powerful team of economists was spearheading the reform agenda. This team comprised of the Prime Minister himself; Montek Ahluwalia, the Deputy Chairman of the Planning Commission; and the Finance Minister, P. Chidambaram.

As the phlegmatic finance minister in the Narasimha Rao government of the early 1990s, Singh did wonders as the chief architect of economic reforms in India which turned around an ailing economy. It was natural, therefore, that the whole nation continued to look up to him to lead the reform agenda from the front during the UPA regime.

Expectations were also fuelled by the fact that after Manmohan Singh the reform agenda had been carried forward steadfastly by the BJP. In fact, the BJP led NDA had its own stalwarts taking the issue of reform equally seriously: Yashwant Sinha, Jaswant Singh etc. led by a very capable PM, Atal Behari Vajpayee. However, they were so buoyed by the success of their own achievements that they ended up over projecting these (through the exaggerated *India Shining* campaign) and fared disastrously at the hustings in 2004. However, their electoral loss should not make us discount their contribution in maintaining the pace of reforms.

Strangely, the slackening of pace occurred not during the NDA regime but during the UPA administration, in spite of the leadership provided by the pioneer of these reforms. The compulsions of coalition politics are certainly to blame – a Centrist Congress party factoring in the inclinations of the Left put the brakes on many reform processes.

To its credit, the UPA government did implement some milestone projects such as the National Rural Employment Guarantee Scheme and Special Economic Zones. Not only that, Singh also pushed through the Indo-US nuclear deal, thus ending the era of India's subjection to technological apartheid.

In many infrastructure sectors, including power, there has been slow progress with supply falling short of both needs and expectations. Such inertia is often due to the compulsions of coalition politics. However, quite often the blame does not lie with the Central Government alone but also with the state governments.

It is also widely understood that the Planning Commission itself has slowed down progress in the infrastructure sector. For instance, the national highways programme has suffered due to the Planning Commission delaying the model concession agreements for highways.

The mentioned exigencies of coalition politics also resulted in the appointment of an unsuitable person as the road transport minister which saw five different



chairmen in as many years, compounded the inertia in this sector. Sadly, Manmohan Singh, unlike his predecessor Vajpayee, did not intervene to stop the rot.

As the country goes to the polls, the optimist in us continues to hope for a better and a more decisive administration, irrespective of its composition. The reform agenda cannot be stopped – one only hopes that the coalition coming to power realises the value of infrastructure development and acts for its realisation. Progress and digress are inevitable components of the democratic lifecycle – however, decisive governance can boost the former and curb the latter.

Pradeep S. Mehta

Pradeep S Mehta, Secretary General

Road Safety Campaign

CUTS, with the support of Ministry of Road Transport and Highways, New Delhi, has organised various road safety awareness programmes since January 2009, which concluded on February 20, 2009.

Activities held include: *Eye Testing Camps, Glare Recovery and Reaction Time Tests and Road Safety Training Workshops* for Rajasthan State Road Transport Corporation (RSRTC) drivers. Besides, two workshops on *Section 134 of Motor Vehicle Act* were organised which attracted a variety of stakeholders: school children, teachers, medical practitioners, officials from traffic and transport departments, traffic wardens, civil society organisations etc.

CUTS put up a stall displaying road safety initiatives at Jawahar Kala Kendra on January 05, 2009 as per invitation from the Transport department in connection with the road safety week 2009.

Politics of Regulation

CUTS Institute for Regulation & Competition (CIRC), in association with CUTS Centre for Competition, Investment & Economic Regulation (CUTS CCIER) organised a Roundtable on *'The Political Economy of Regulation in India-What do we need to do?'* as part of the project *'India Competition and Regulation Report'* in New Delhi, on March 28, 2009.

The panellists included Pradip Baijal, R C Srinivasan, Subir Gokarn, Dhanendra Kumar and V K Mathur. More than 60 participants from the government, regulatory bodies, civil society, research community and media participated.

Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission of India released the report entitled, *'Competition and Regulation in India 2009'*, which looks at regulatory issues in some specific sectors and impediments in their implementation.

Nurturing Stakeholders

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), in partnership with Friedrich Ebert Stiftung (FES-India) organised a half-day stakeholder consultation on *'Indo-Bangla Trade: Focus on the North East'* in Assam, on March 13, 2009.

The twin objectives of this consultation were to elicit views of stakeholders in Bangladesh and North Eastern India about the prospects for trade and pertinent economic activities involving these two regions; and create awareness about stakeholder preferences for trade between Bangladesh and North Eastern India.

The chief guest for this consultation was T Armstrong Changsan, India Foreign Service and Regional Passport Officer for the North Eastern Region. Other speakers included Saswati Chowdhury, Atiur Rahman, Anil Saraf and Siddhartha Mitra.

Developing Effective Regulatory Regime in India

CIRC organised a Roundtable on *'Developing Infrastructure through an Ideal Regulatory Framework'* in New Delhi, on January 16, 2009. The objective of the Roundtable was to progress the debate on a consensus on an effective regulatory regime in India so as to attract the required huge investment in the infrastructure area.

C Rangarajan, MP and President, Governing Council, CIRC presided over the Roundtable. The event started with welcome remarks by Pradeep S Mehta, Secretary General of CUTS followed by Rangarajan's address as Chair of the Roundtable.

Rangarajan also released the CIRC Policy Document and Souvenir on this occasion, a document which combines the twin purposes of raising finances for this Centre (by carrying advertisements) and celebrating its creation through articles elaborating on the many facets of infrastructure regulation, competition law and their crucial linkages to economic development. These articles have been authored by a wide cross-section of eminent personalities – policy makers, bureaucrats, business leaders, regulators etc. from India and abroad.



Securing Common Future

Pradeep S Mehta of CUTS attended 'Securing our Common Future: A Conference on the Future of International Development', organised by the Department for International Development (DFID) in London, on March 09-10, 2009.

The conference focused on issues facing world security and brought together some of the leading thinkers and practitioners on international development.

Promoting SAARC

Archana Jhatkar of CUTS CITEE attended the conference entitled, 'Broadening Economic Integration in South Asia: Incorporating Services Liberalisation at a Time of Global Economic Crisis' organised by the Institute of Policy Studies and United Nations



Development Programme in Colombo, on March 30-31, 2009.

The key objective of the conference was to facilitate informed discussion and consultations on the way forward for the SAARC countries' engagement in negotiations. CUTS publication, 'Domestic Preparedness for Services Trade Liberalisation: Are South Asian Countries Prepared for Further Liberalisation?' was launched on the occasion.

Infrastructure Regulation

Rajesh Kumar of CUTS C-CIER participated in a two-day conference entitled, 'Infrastructure Regulation: What works, Why, and How do we know?' organised by LIRNEasia, in collaboration with the Institute of Water Policy, Lee Kuan Yew School of Public Policy, Singapore and the University of Hong Kong, in Hong



Kong on February 26-27, 2009. About 30 participants from different Asian countries participated in the conference. Rajesh presented a paper on 'Assessing Regulatory Performance: The Case of the Indian Power Sector'.

Consumer Policy in Vietnam

Tam To of CUTS Hanoi attended the seminar entitled, 'Vietnamese Consumer Protection Policy – Legal Issues and Practices' organised by the Department of Industry and Trade of Da Nang, within the support of EC-funded Multilateral Trade Assistance Project III, in Vietnam, on March 27, 2009.



Tam delivered a presentation 'Class Action in Consumer Protection Law and Consumer Protection Regimes in the World – Lessons for Vietnam'.



SHORT CUTS

- Rashid S Kaukab of CUTS, Geneva was invited by the Commonwealth Secretariat to make a presentation on 'DDA Negotiations: Implications for the Development of SVEs' in Hampshire, UK on March 31, 2009.
- Pranav Kumar of CUTS CITEE participated in the Organisation for Economic Cooperation and Development (OECD) event entitled, 'The Future of Agriculture in a Globalised World' in Paris, on March 30-31, 2009. He spoke on 'Agriculture and its Link with Other Sectors'.
- Atul Kaushik of CUTS, Geneva made a presentation on 'Building a Strategic Vision of the Development Component of the Doha Round' in a workshop organised by the ACP Group Secretariat at the WTO, in Geneva, on March 25, 2009.
- Pradeep S Mehta, Rijit Sengupta and Udai S Mehta of CUTS attended a 'State Level Seminar on Competition Policy and Law' jointly organised by the Competition Commission of India and Government of Rajasthan in Jaipur, on March 20, 2009. Mehta spoke in the opening session on 'Competition Law of India'.
- Udai S Mehta of CUTS C-CIER, as a resource person, attended a training programme on 'Certificate Programme in Resource Mobilisation & Communication' organised by the Institute of Chartered Financial Analysts of India Business School, Jaipur and Resource Alliance, UK in Jaipur, on March 04, 2009.
- Patrick Chengo of CUTS, Lusaka attended the 'National Consultative Workshop on Right to Food' organised by Eastern and Southern Africa Farmers' Forum in Lusaka, on January 27, 2009.
- Om Prakash Arya and Madhu Sudan Sharma of CUTS Centre for Consumer Action, Research & Training (CUTS CART) participated in a two-day workshop entitled, 'Effective Implementation and Transparency in NREGS through People's Participation', organised by Indira Gandhi Panchayati Raj Sansthan, Government of Rajasthan and Mazdoor Kisan Shakti Sangathan in Jaipur, on February 05-06, 2009.
- Amit Chowdhury of CUTS Centre for Human Development (CUTS CHD) attended a consultation workshop on 'Social Protection: Means to Enhance Children's Rights in South Asia' in Jaipur, on January 30, 2009.
- Alice Pham and Udai S Mehta of CUTS participated in the 'Asia Pacific Regional Meeting on Access to Knowledge and Members Meeting', organised by Consumers International, Kuala Lumpur office in Kuala Lumpur, on February 17-18, 2009.
- Victor Odhiambo Ogalo of CUTS, Nairobi participated in a 'CSO EPA Audit' organised by Kenya Civil society Alliance and Kenya-European Union Post Lome Trade Negotiations in Naivasha, on February 25-27, 2009.
- Pradeep S Mehta of CUTS attended a Forum entitled, 'Strengthening the Global Trade Regime for World Prosperity and World Peace' convened jointly by International Chamber of Commerce and the Evian Group at IMD in Lausanne, on February 03, 2009.

FORUM

CUTS' Efforts at the Grassroots are Laudable

My Chittorgarh visit was really very illuminating and inspiring. Despite the enormity and gravity of the deep rooted problems existing in rural areas, efforts are being made to empower weaker sections, through a process of education, training, networking, and building up grassroots and community action groups. And therefore there is hope.

I witnessed at close range, through CUTS CHD, the extraordinary spirit and relentless efforts by the team at Chittorgarh and got ample



evidence of the fruit of that labour. It was tremendous – the progress and the achievements made with children in these backward areas was indeed phenomenal.

'Bal Sammelan' (children's meet) was delightful and the confidence level of the children was worth seeing. Quality education works in such subtle ways! They have come a long way and seemed so free and liberated in the new environment.

It is obvious that the interventions have been more than successful. Yet challenges lie ahead and much needs to be done. The support of the government functionaries, local administration, banks etc. is imperative. Nothing works without these agencies and this is where the challenges lie.

Mitali Gupta

*Assistant General Manager, Reserve Bank of India (RBI)
Rural Planning and Credit Department (RPCD), Jaipur*

VISITORS

Name	Comments
Dr Stephen Rimmer Senior Regulatory Reform Expert, Foreign Investment Advisory Service (FIAS), World Bank	Very impressed by the range and quality of activities led by CUTS.
Paramita Dasgupta, Senior Private Sector Development Specialist, International Finance Corporation (IFC), World Bank	Highly motivated and impressive team at CUTS working on interesting regulatory issues.
Rehman Sobhan Chairman, Centre for Policy Dialogue, Dhaka	A great pleasure to visit CUTS which has been a partner organisation with CPD for many years.
Martha Stein Sochas Director, Asia Department, <i>Agence Francaise De Development</i> (AFD), Paris	Good discussion both about India and Africa with some future possibilities for collaboration.
Jerome Adam Country Director India AFD, New Delhi	Warm welcome, interesting discussion for further exchange of information and ideas.

PUBLICATIONS

Competition and Regulation in India, 2009 – A Curtain Raiser

India Competition and Regulation Report, 2009 tries to examine the evolution of regulation/regulatory problems from a political economy perspective and assess the quality of regulation in terms of the suitability of content for tackling market failures, the effectiveness and independence of the regulator and the extent to which the set of sector regulations fosters competition.

The Competition Regime as a Determinant of Consumer Welfare: Focus on Indian Telecom

This Monograph elaborates the concept of consumer welfare which has been concretised and delineated in the form of consumer rights and examines how such rights can be furthered through a competition regime. It offers a case study of the telecom sector in India.

Trade-Development-Poverty Linkages:

Reflections from Selected Asian and Sub-Saharan African Countries Volume II Sector Case Studies

The sectoral studies conducted in the 13 countries under a project entitled 'Linkages between Trade, Development & Poverty Reduction (TDP)' identify the factors that need to accompany trade openness for it to become an engine of economic development and poverty alleviation. The findings reflect the need for fair and balanced rules in the multilateral trading system for ensuring sustainable and inclusive development in the countries of the South.

How does Trade Lead to Development and Poverty Reduction? *Evidence from the field*

This document summarises trade, development and poverty reduction experiences of a set of 13 countries studied under TDP project. Outputs have now been documented in two edited volumes – one containing country background papers capturing overall macroeconomic impressions, and the other comprising sectoral case studies. It provides an overview of these two volumes and synthesises their combined wisdom.