

CUTS IN ACTION

CUTS
International

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Union Budget 2006-07 Missing the Bottomline



Keeping the high confidence level in the Indian economy, the budget for 2006-07 should have been high-spirited. Rather, it proved to be a non-event. To continue with complacency, it simply followed the famous American maxim, 'If it ain't broke, don't fix it'. Echoing the 8.1 percent growth rate projected in the economic survey, the Finance Minister did not raise the income tax paid by the rich but did not dither from raising the indirect taxes paid by all the others. While he harps on fiscal reduction only to cut socially necessary expenditure but refuses to tax the bourgeoisie for capital gains from listed equities and dividends

If the custom duty on non agri-products is reduced from 15 to 12.5 percent, a countervailing duty (CVD) of 4 percent is imposed on most imports. Thus, the import duty has gone up from 15 to 17 percent. Similarly, the rate of service tax has been raised from 10 to 12 percent. This is contrary to the

advice given in Economic Survey to keep a check on inflation. The idea of levying service tax on ATMs is unhealthy.

Indirect taxes on manufactured goods in India are among the highest in the world. Consumers pay Central Value Added Tax (CENVAT) at 16 percent and over and above this is the cascading 12 percent Value Added Tax (VAT) raising the total to almost 30 percent taxation. This is against an average indirect tax in China (13-14 percent) and even in developed countries (18-23 percent). This budget lays significant thrust on the overall development of infrastructure, especially the rural infrastructure with a 54 percent hike in budgetary support to *Bharat Nirman* Programme, which amounts to Rs 18, 696 crore. Aiming for 10 percent growth of gross domestic product (GDP) in the next fiscal, it made allocations to specific sectors including rural electrification, rural telephone connectivity, farm credit, irrigation, and low cost loans to farmers. However, the allocation for the department of road transport and

highways declines from Rs 21,886 crore to Rs 18,378 crore.

Education and health have been given particular emphasis with 31.5 and 22 percent increment respectively. Similarly, setting up of gender budgetary cells to support women is a welcome move. In the manufacturing sector, emphasis has been laid on textiles, food processing, petroleum, chemicals and petrochemicals, and leather etc. Tourism got new impetus, as development of 15 tourist destinations to be undertaken. Imposition of 8 percent excise duty on software package will make software prices dearer. Both can generate large number of jobs.

This budget gives a fillip to the food processing industry, as food products like milk, ice-cream, pasta, fish etc., have been fully exempted from excise duty. In balancing the act, FM missed the bottomline he would have helped make a paradigm shift from 8.1 to 10 percent annual growth rate.

Pradeep S. Mehta

Pradeep S Mehta, Secretary General

Their Thoroughness



The growth of CUTS is evident from the range of issues it has taken up. I was a resource person on media issues at a consumer conference organised by CUTS in Delhi, then a delegate on WTO issues with Tanzania, thereafter its representative on genetically modified (GM) foods and organic farming in Brussels. Development Research and Action Group (DRAG) has regularly attended CUTS seminars and workshops on WTO issues in Kathmandu and Jaipur as well as a seminar on climate change in Delhi.

The striking aspect of CUTS activities is their thoroughness. Also, the wide range of its participants is to be commended: members of civil society, NGOs, journalists, the corporate sector, academics, all find a place in them. To strengthen its impact, in the fields of advocacy and research, CUTS needs to remain on the track at a steady pace.

Dr Gautam Vohra
DRAG, New Delhi

Constructive and Well-reasoned Approaches to Analyses of Development Topics and Trade-related Issues



My first interaction with CUTS dates back to 1996 and the intensive debate on the Multilateral Agreement on Investment in the Organisation for Economic Cooperation and Development (OECD), in which I participated, when posted at the Swedish Delegation to the OECD. CUTS, stood out compared to many other NGOs, as an organisation that had done its homework and as a credible participant in the discussion.

The characteristics that make CUTS interesting in my view are its constructive and well-reasoned approaches to analyses of development topics and trade-related issues. The fact that the organisation is based in India and "owned" by developing country representatives is important for giving the views of developing countries a clear voice in the international dialogue on trade-related issues. Its programmes to assist developing country representatives prepare for international trade negotiations are much needed today.

The outreach activities of CUTS and the involvement of researchers and government officials from other developing countries are of great value.

Anders Ahnlid
Director, Ministry for Foreign Affairs, Sweden

Promoting Competition Globally

CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER) organised a Regional Conference of the project entitled, 'Capacity Building on Competition Policy in Select Countries of Eastern and Southern Africa', (popularly referred to as the *7Up3 project*) at Addis Ababa, Ethiopia, on March 27-28, 2006. The *7Up3 project* is being implemented in seven countries of the region: Botswana, Ethiopia, Malawi, Mauritius, Mozambique, Namibia and Uganda, with support from the Norwegian Agency for Development Cooperation (NORAD), Norway and the Department for International Development (DFID), UK.



(L-R) Menbere Tesfa, The World Bank (Ethiopia), S.L. Rao, ISEC (India), Pradeep S Mehta, CUTS (India); and B. Mogotsi, BOCONGO (Botswana)

Ato Harka Haroye, MP and Chairman of Trade Practices Investigation Commission of Ethiopia, said that an effective competition regime could bring productivity gains to an economy, and thus enhance growth by ensuring free entry and exit to markets for firms of all sizes. Experts from Botswana, Namibia, Mauritius, Malawi, Mozambique, Namibia and Ethiopia shared their findings on the existing competition and regulatory framework at the conference.

In addition, CUTS International organised a training workshop for the officials of the Trade Practices Commission of Ethiopia on March 29-30, 2006, in collaboration with the Commission by bringing resources persons from Africa and outside. (cuts-international.org/news-cutsmar06.htm#comp28mar06)

Economic Partnership Pacts

CUTS Africa Resource Centre (CUTS-ARC), in collaboration with Civil Society Trade Network of Zambia (CSTNZ) organised a one-day national workshop on Economic Partnership Agreements (EPAs) under the project 'Capacity Building of Civil Society in Eastern and Southern Africa during the EPA negotiations' at Lusaka, Zambia, on March 17, 2006.

The objective of the workshop was to consult technical experts on existing EPA impact assessments and the implications on civil society.

(cuts-international.org/eventsreport-mar06.htm#epa16mar06)

A Development Perspective

CUTS London Resource Centre (CUTS-LRC) organised an event entitled, 'Netherlands Trade Policy: Searching for a Development Perspective', in partnership with BOTH ENDS of The Netherlands, at Den Hague, The Netherlands, on February 23, 2006. The event brought together a wide range of stakeholders to discuss ways to ensure that Dutch trade and development policies are working together in a coherent manner.

(cuts-london.org/events/event1.html)

Dialogue with Trade Missions

CUTS International organised a meeting on, 'Strategic Review of WTO provided Trade Related Technical Assistance (TRTA)' to consult trade missions from nine countries finalised for seeking assistance in conducting field research under the project at Geneva, Switzerland, on February 02, 2006.

Field work methodology was discussed in the meeting, which was attended by the project partners; Latin American School of Social Sciences (FLACSO, Argentina)

and Canada-based North-South Institute; representatives of trade missions of the fieldwork countries and members of the project's Steering Committee.

Long-Term Capacity of CSOs

CUTS organised the Second National Training Seminar under the project, 'Grassroots Reachout and Networking in India on Trade & Economics (GRANITE)', at Kolkata, West Bengal, on January 27-28, 2006. The two-day seminar served a multi-fold objective of imparting skills to articulate and analyse sectoral issues

(agriculture and textiles) and also focused on the evaluation of the activities under the GRANITE project in its first year of implementation (from January 2005 to December 2005).

(www.granite.org.in/reports42.htm)

Safety on the Roads

A one-day workshop, 'Safety on the Roads' was organised by CUTS Calcutta Resource Centre (CUTS-CRC) at Kolkata, West Bengal, on January 14, 2006.

Various experts on road safety who discussed the issue at length attended the workshop. Experts included professors of transportation safety, civil engineers, police personnel and doctors. The event took place as a part of Road Safety Week during January 02-08, 2006.

(cuts-international.org/eventsreport-Jan06.htm#road14jan06)

Empowering Women

CUTS Centre for Human Development (CUTS-CHD), in collaboration with *Rajasthan Patrika* and National Legal Services Authority (NALSA), organised a seminar to mark the International Women's Day, at Chittorgarh, Rajasthan, on March 08, 2006.

The objective of the seminar was: to sensitise the people on the grassroots level to the myriad problems that women face; to generate awareness towards the various types of ill-treatment and exploitation meted out to them; and to find ways and means to provide them a better future.

(cuts-international.org/eventsreport-mar06.htm#world8mar06)

Seminar on Competition Policy and Law

CUTS Institute for Regulation and Competition (CIRC) organised a training seminar on 'Competition Policy and Law', at New Delhi, India, during March 20-24, 2006. This five-day seminar kick-started the activities of CIRC that aimed to develop analytical capabilities to comprehend issues related to competition policy and law, including their perspectives and linkages with the industry and economy.

Participants came from Singapore, Thailand, Mauritius, Vietnam, Cambodia, Oman, including representatives of Central Government, many multinational corporations (MNCs), regulators, CSOs and academia to attend the seminar.

Jean-Pierre Lehman, Professor, International Institute for Management Development (IMD), Lausanne and Founding Director, The Evian Group, lauded efforts of CUTS in forming a base for furthering such issues in government and industry.

(www.circ.in/er20mar06.htm)



Participants at the seminar on 'Competition Policy and Law', held at New Delhi, during March 20-24, 2006

Poverty Eradication

Udai Singh Mehta of CUTS-LRC attended the meeting entitled, 'BOND Perspectives Asia 2015: Promoting Growth, Ending Poverty' organised by The Department for International Development (DFID), UK, in collaboration with the World Bank (WB) and Asian Development Bank (ADB), at London on March 06-07, 2006.

The objective of the meeting was to focus on building new forms of partnership to eradicate poverty in Asia and to agree how Asian countries will meet the remaining targets under the Millennium Development Goals (MDGs).

Pre-budget Consultation

Pradeep S Mehta along with Deepak Saxena and Vinayak R Pandey attended the pre-budget consultation to interact with Vasundhara Raje, Chief Minister, Rajasthan, on February 22, 2006.

The objective of the meeting was to put forth certain suggestions on the issues related to consumers, utility sector reforms, right to information, road safety, competition and economic regulation, which could be taken into account in the forthcoming State Budget for the financial year 2006-07.

Fair Trade Movement

Dalia Dey of CUTS-CRC participated in a two-day seminar entitled, 'Fair Trade in Mainstream Indian Market' organised jointly by the Fair Trade Forum (FTF) – India and SASHA, at Kolkata, on February 17-18, 2006.

The main objective of the seminar was to bring different stakeholders under this common platform to discuss how the engagement of the marketing organisations, industry associations and advocacy forums should be able to make a lasting impact on the fair trade movement in India to make it a win-win situation for all.

Pro-poor Growth

Bipul Chatterjee and Purnima Purohit of CUTS-CITEE participated in a workshop under the programme 'Role of Institutions for Pro-poor Growth (IPPG)' organised by the Development Studies Institute (DSI) at the London School of Economics and Political Science, in Slough, UK, during February 05-09, 2006.

The programme was initiated in September 2005 with exploratory studies in Bangladesh, Bolivia, Mali and Tanzania. CUTS International being one of the members of the consortium, had undertaken the study in Bangladesh. The principal aims of the workshop were to report back on the four initial exploratory country studies and the literature reviews that have been conducted.

CERC Appointment

The Central Electricity Regulatory Commission (CERC) has appointed Pradeep S Mehta, Secretary General, Consumer Unity and Trust Society (CUTS), as Member of the Central Advisory Committee (CAC).

In this capacity, Mehta would advise the Commission on the issues related to policy, quality, continuity and extent of services provided by licensees, protection of consumer interests and overall standard of performance by utilities.

Intervention

'State of Consumers in Rajasthan'

A path-breaking research of CUTS International, Jaipur titled, '*Rajasthan Mein Upbhoktaon Ki Stithi*' (State of Consumers in Rajasthan) was released by Dr Kirori Lal Meena, Minister of Food, Public Distribution and Consumer Affairs, Government of Rajasthan at a state function organised to commemorate the World Consumer Rights Day (March 15, 2006).

The release of the book was kept as one of the main items in the programme agenda of the government. CUTS' efforts were lauded in bringing out such a valuable book, which would help consumers in many ways.



- Nupur Anchlia, as CUTS Representative in Mumbai, attended the fourth International Conference on 'Communications Convergence: Connecting India – The Global Challenge, organised by Indian Merchants Chamber (IMC) at Mumbai, Maharashtra, on March 17-18, 2006. The objective of this conference was to discuss the various options in telecommunications with a view to ensuring meaningful communication connectivity to 'the not connected' in a reasonable time frame.
- Mita Dutta of CUTS-CRC was invited to speak at a panel organised by Bengal National Chambers of Commerce & Industry to celebrate the World Consumers Rights Day at Kolkata, on March 16, 2006. She spoke on the competition regulation and consumer, in addition to introducing CIRC, the new initiative of CUTS.
- Pranav Kumar of CUTS-CITEE attended the United Nations Development Programme (UNDP)-United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Trade Facilitation Research Meeting in Bangkok, Thailand, on March 15, 2006. It was a stakeholders consultation meeting on finalising the research methodology to find out the different factors starting from customs valuation, transit facilities and others that impact the international trade in goods among the different countries.
- RK Sharma of CUTS-CART attended an Inception Workshop on Livelihood Issues and Options for Rajasthan at Indian Institute of Health Management and Research (IIHMR), at Jaipur, Rajasthan, on March 03, 2006.
- Clement Onyango of CUTS-NRC attended a workshop entitled, 'Post Hong Kong National Committee on WTO' (NCWTO), organised by the Kenya Ministry of Trade in collaboration with Institute of Economic Affairs (IEA), at Nairobi, Kenya, on February 16, 2006. The objective of the workshop was to assess and analyse the implications of the Hong Kong Declaration with a view to identify Kenya's negotiating strategies and options.
- Vinayak R Pandey of CUTS-CCIER participated in a meeting organised by Telecom Regulatory Authority of India (TRAI) at New Delhi, India, on January 24, 2006. The meeting was held to review implementation on the Consumer Charter that telecom service providers had adopted in 2005.
- Pradeep S Mehta, Shrawan Nigam and Manish Agarwal of CUTS-CCIER attended a seminar, organised by Federation of Indian Chambers of Commerce and Industry (FICCI) and Shriram Centre, to discuss Jagdish Bhagwati's book entitled, '*In Defence of Globalisation*', at New Delhi, on January 18, 2006.
- KS Sajeev and Vladimir Chilinya attended the discussion on Draft Commercial Trade and Industrial Policy of Zambia, organised by Economic Association of Zambia, at Lusaka, Zambia, on January 12, 2006.

VISITORS

Name	Comments
G K Pillai, Additional Secretary Department of Commerce Government of India	CUTS is doing impressive work on competition policy, which is going to be of great use and interest to policy makers in the coming years. Wish the institute all success and best wishes.
Lori Roskam - Cajegas Novib (Oxfam, The Netherlands)	Continue the good work! A pleasure to be in dialogue with the staff.
Maaikje de Loor Novib, (Oxfam, The Netherlands)	Wonderful to have met all of you. Continuing to be impressed with your work, ideas and networking. Keep going strong.
Jabu Dada, South Africa CPS	It was very good and refreshing meeting with you all and looking forward to South-South Cooperation.

Glimpses of Ongoing and Future Projects of CUTS

CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE)

CUTS-CITEE is organising an inception workshop of phase-II of the Project: 'WTO Doha Round & South Asia: Linking Civil Society with Trade Negotiations', at Jaipur, Rajasthan, on April 21-22, 2006. The purpose of the workshop is to deliberate the scope and methodology of the study as well as to agree on the work programme.



CUTS Centre for Competition, Investment & Economic Regulation (CUTS-CCIER)

CUTS C-CIER has recently been awarded the research study entitled: *Regulatory Framework for Infrastructure in India – Lessons for India* by the Planning Commission of India. The project intends to analyse and compare the regulatory framework in identified infrastructure services in select countries and draw lessons for India.



CUTS Centre for Human Development (CUTS-CHD)

CUTS-CHD is implementing the project: Mother NGO scheme under the Reproductive and Child Health (RCH). The project broadly intends to address healthcare issues, utilisation and delivery mechanism of health services for reduction in maternal mortality, reproductive morbidity, infant mortality, and fertility, improvement in maternal healthcare, child care, and family welfare through multi-stakeholder involvement and action.



CUTS Centre for Consumer Action, Research & Training (CUTS-CART)

As part of commencing the activities of the Phase II of CUTS-Friedrich Ebert Stiftung (FES) Project on 'Involvement of Consumers in Power Sector Reforms', day-long orientation workshops will be organised in 12 identified circles of Rajasthan, India, from June 18, 2005 to May 20, 2006. The major objective of the programme is to facilitate an active involvement of consumers in the power sector.



CUTS Nairobi Resource Centre (CUTS-NRC)

CUTS-NRC, in partnership with the Nairobi office of Friedrich Ebert Stiftung (FES), Germany will organise a regional trade dialogue on 'Linking Trade Policies to National and Regional Development Agenda', at Naivasha, Kenya, on April 27-28, 2006. This dialogue aims to facilitate non-state participation in external trade and development of Kenya's position for trade negotiation and commitments.

CUTS Africa Resource Centre (CUTS-ARC)

CUTS-ARC will be undertaking a one-year project on entitled: Market Linkages. The project will seek to link small-scale farmers, producers through district associations, to the national, regional and global market. It will further highlight and address concerns on global trade and development as it affects sustainable livelihood in Zambia.

MOVING ON



Bindiya Jain

A Rich Learning Experience!

I had been involved with CUTS International since April 2004. I learnt how to handle a diverse range of work responsibilities and grow accordingly. Apart from work, I got the opportunity to interact with some very nice and talented people from different expertise areas, nationalities and cultural backgrounds. My two-year stint with CUTS has proved to be fruitful and huge learning experience.

A Role Model!

To be associated with CUTS International in any capacity is really the fortune of a lifetime. The cooperation, guidance and affection that I got during my one-year stint from my colleagues will definitely be a treasure. And I'll cherish this asset down the memory lane in future. For every new entrant, CUTS is a role model – both in work culture and professional ethics. With my humble disposition, I pray for the organisation to be brighter and better each day.



Punyarupa Bhadury



Swati Chadha

Enhances Understanding

My one-year stint with CUTS has been a wonderful experience full of learning activities. While performing the role of a programme coordinator for project on trade and economics, the responsibility certainly enhanced my understanding of issues concerning trade and globalisation. Whatever I have learnt at CUTS is certainly going to help me in my future endeavours. I am thankful to the organisation for providing me this opportunity and wish good luck for its bright future.

A Memorable Stint!

I have spent almost a year in CUTS and am thankful to everybody in the organisation for making this stint a memorable one. I have learnt a lot from my colleagues – both juniors and seniors. My interest in the field of competition and regulation has been inspired by the work being carried out at CUTS, and I am proud to say that I am now not only just a more careful researcher, but also a more aware consumer. CUTS has done and is doing a lot in the development field. I wish it the best in realising the more challenging projects in future.



Sheetal Bharat



Alpana Parmar

A Sense of Fulfilment!

My journey with CUTS was an eventful one! I learnt a lot. Giving shape to all that was in my mind gave me a sense of fulfilment. Even though I bid adieu to CIRC, it will always remain close to my heart. CIRC gave me an opportunity to realise the capacities within my professional person. Churning out whatever was coming to intellectual vision and much more in less than six months has indeed been a challenge. I take pride in what I did and wish luck to those who will take CIRC further. Thank you CUTS and all those who made all the difference.