

# CUTS IN ACTION

25 YEARS  
1983 2008  
CUTS  
International

October-December 2008

## Governance Failures in India



**A** Very Happy and Prosperous New Year from all at CUTS! In the New Year, your goodwill and good wishes have assumed increasing importance in tiding over governance failures that have compromised our physical and grave financial security.

First, the Mumbai carnage (November 26, 2008) saw the butchering of over 200 civilians and a number of policemen by terrorists barging into the city via an unguarded coastline.

The police were caught unaware – intelligence agencies had not informed them despite being warned – and then let down by their outdated weapons against a technologically savvy enemy.

The investigation revealed the clear hand of Pakistan based terrorists and indicated the support of the Pakistani army. The latter's strong grip over the civilian regime has led to denials of complicity. With war, because of its nuclear implications, not being a viable proposition, a diplomatic offensive and rallying of global economic sanctions remains the only sensible alternative.

On the positive side, crucial issues came to the fore – the need to re-equip our police, restructure our intelligence agencies and fortify our coastline. Baby steps have been taken towards setting up of a National Investigation Agency. For the first time, the middle class issued strong messages to the Government and resisted attempts to politicise public sorrow.

While the Mumbai carnage highlighted our physical insecurity, the Rs 7000 crore Satyam scam has compounded financial insecurity sparked off by the global financial meltdown – the outcome of inept management of housing loans and excessive leveraging of credit in the US.

Recipient of prestigious awards for global excellence in corporate governance, Satyam was considered a sound bet by its investors. The scandal not only triggered the free fall of the Sensex but impoverished many who had invested substantially in the company.

The Satyam fiasco bears a strange similarity to the Enron scandal in the US. Satyam's dynamic head, B Ramalinga Raju has till date admitted only to an accounting fraud but preliminary reports seem to point at more serious crimes. Possible attempts to siphon off company wealth to *Maytas*, an infrastructure company run by his sons, cannot be ruled out. Investigations are still on and many influential heads are set to roll.

While the financial meltdown has affected our economy like others, there are fears, mostly exaggerated, that the Satyam scandal will damage the global credibility of India Inc, especially the IT sector. Our growth rate is projected to come down from nine percent to a still high seven percent – our lack of export dependence, unlike other economies, might save us. However one never knows. As someone wrote to me, watch out for 2010, which maybe worse than 2009. But panicking will make it worse, so let us be sanguine.

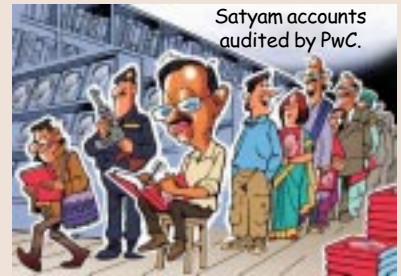
However, let me draw your attention to the election of Barack Obama as US's first non-white President – an event hitherto considered highly unlikely in conservative US. On that positive note, let me end with my best wishes.

... was it really a good idea to get this guy to investigate the Mumbai terror attack



The Times of India

It's the latest fictional best-seller – it's the Satyam accounts audited by PwC.



The Times of India



www.humortimes.com

*Pradeep S. Mehta*

Pradeep S Mehta, Secretary General

### Get Active

CUTS Centre for Consumer Action, Research & Training (CUTS CART), in collaboration with Health Related Information Dissemination Amongst Youth (HRIDAY), New Delhi, organised the Launch-cum-Teachers Training Workshop under the project entitled, 'Get Active' in Jaipur, on December 12, 2008.

The objectives of the workshop were to generate awareness among teachers about the importance of diet, nutrition and physical activity in students' life and provide training to teachers for effective implementation of project activities in selected 25 English medium schools of Jaipur city.

### Role in Regulatory Reforms

CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER) with support of the Norwegian Agency for Development Cooperation (NORAD) conducted first phase of the Grassroots Interface Meetings (GIMS) under the project 'Capacity Building on Electricity Reforms in Bangladesh, India and Nepal' (RESA) during November-December 2008.

The objective was to reach out to the farmers, commercial users, distribution companies etc., at the grassroots level in order to make them aware of the role they need to play in regulatory reforms in the electricity sector.

### Equity in Trading System

CUTS Geneva Resource Centre (CUTS GRC) with the support of The William and Flora Hewlett

Foundation, US under the project entitled, 'Fostering Equity and Accountability in the Trading System' (FEATS) organised national inception meetings in the five project countries, i.e. in Nairobi (Kenya) on October 14; Kampala (Uganda) on October 15; Dar-Es-Salaam (Tanzania) on October 17; Lusaka (Zambia) on October 20; and in Lilongwe (Malawi) on October 23, 2008 respectively.

The meetings, which were attended by representatives from government departments, private sector and civil society adopted the revised Terms of References for trade policy research and the establishment of five National Reference Groups.

### Aft: From Concept to Action

CUTS London Resource Centre (CUTS LRC) in partnership with Nordic Consulting Group, Denmark; German Development Institute, Germany and Inter Church Organisation for Development Cooperation, The Netherlands under the Linkages between Trade, Development and Poverty Reduction (TDP) project organised three workshops in Bonn, on December 01-02; in Copenhagen, on December 04-05; and in Utrecht, on December 09, 2008 respectively.

The workshops aimed to explore the challenges related to implementing the 'Aid for Trade'.

### Building Women's Capacity

CUTS Centre for International Trade, Economics & Environment (CUTS CITEE), with support from the Department of Science and Technology, Government of India, organised a training programme on

'Intellectual Property Rights (IPRs) and Related WTO Issues' in Jaipur, on November 03-07, 2008 with a purpose to build the capacity of women scientists and technologists working with various ministries/departments/councils/institutes/research laboratories of Government of India.

The programme aimed at offering training/education on issues related to IPRs that received increasing prominence under the aegis of Trade Related Aspects of Intellectual Property Rights (TRIPs) and related domestic legislations.

### Energising Regulation

CUTS Africa Resource Centre (CUTS ARC), Nairobi with the support of TrustAfrica organised scoping workshop under a two-year project entitled, 'Competition Policy and Domestic Regulatory Framework in the Energy Sector in Kenya' in Nairobi, on November 20, 2008.

The workshop aimed at seeking views and recommendations from the relevant stakeholders to help fine-tune and enrich the scope and the Terms of Reference for the project.

### Linking Media with EPAs

CUTS ARC, Lusaka in partnership with Caritas Zambia organised a capacity building workshop for media on trade and development issues, in Lusaka, on November 07, 2008.

The objectives of the workshop were to create awareness among media practitioners about the on-going Economic Partnership Agreement (EPA) negotiations.

## Boosting the Consumer Movement in Vietnam

CUTS Hanoi Resource Centre (CUTS HRC), in partnership with the Vietnam Standards and Consumer Protection Association (VINASTAS), and with support from The Ford Foundation, Office for Vietnam and Thailand, organised two training workshops under the project entitled, 'Strengthening the Consumer Movement in Vietnam', in Hai Phong, on November 18, 2008; and in Vung Tau, Vietnam, on November 20, 2008 respectively.

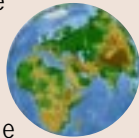
While delivering the inaugural address, Dr Doan Phuong, President, VINASTAS pointed out myriad difficulties that the consumer movement in Vietnam is facing. George Cheriyan, Director, CUTS CART participated as a resource person.

The workshops deliberated on legal issues (litigation) as well as the practices of consumer redressal mechanism. There were presentations on legal framework analysis, case studies and hypothetical case handling techniques, with an introduction of Indian system of consumer dispute settlement mechanisms to Vietnam.



### Development in South Asia

The 11<sup>th</sup> Sustainable Development Conference was held in Islamabad, on December 01-03, 2008, with the overarching theme: 'Peace and Sustainable Development in South Asia: Issues and Challenges of Globalisation'.



The conference explored how the neo-liberal globalisation agenda was intertwined with the peace and security agenda and how peace and sustainable development was threatened by the global challenges. Siddhartha Mitra of CUTS presented a paper, 'Of Peace Dividends and Trade Dividends: The Case of Pakistan and India' at the conference.

### Unleashing the Tiger?

Pradeep S Mehta of CUTS attended the conference, 'Unleashing the Tiger? Competition Law in China and Hong Kong' sponsored by premier competition law firm Gilbert + Tobin, the Australian and New Zealand School of Government (ANZSOG), and the Asian Competition Forum (ACF)

in Australia on October 04, 2008. Mehta chaired a session.

The conference brought together representatives from the senior ranks of government agencies, legal profession, business sector and academia from Australia, China and Hong Kong to explore the emergence of competition law in China and Hong Kong. It also discussed policy questions and concerns of regulators and lawyers.

### Alliance on Food Challenge

The World Alliance of Young Men's Christian Associations (YMCAs), together with the Ecumenical Advocacy Alliance, FoodFirst Information and Action Network, Institute for Agriculture and Trade Policy and a host of other NGOs, convened a conference on 'Confronting the Global Food Challenge: Finding New Approaches to Trade and Investment that Support the Right to Food' in Geneva, on November 24-26, 2008. Atul Kaushik,



Rashid S Kaukab and Annie Haakenstad of CUTS, Geneva participated in the conference.

The conference aimed to deepen understanding of the trade impact and investment on the right to food; explore the impact of climate change and agro-fuels, and develop advocacy strategies to raise human rights concerns *vis-à-vis* trade and investment policies.

### An Introduction to Advocacy

To Tam of CUTS, Hanoi attended a workshop entitled, 'Sharing Experience and Identifying orientation on Advocacy of NGOs', jointly organised by Centre for Support of Social Development Programmes (CSDP) and Centre for Development Assistance (CDA) in Hanoi, on October 23, 2008.

The workshop aimed at sharing experiences in advocacy regarding poverty reduction and development cooperation between NGOs in and outside of Cooperation Development Group (CDG) and identifying orientation on advocacy for NGOs in general, and CDG in particular.

## SHORT CUTS

- Amit Chowdhury of CUTS Centre for Human Development (CUTS CHD) attended the State Reproductive and Child Health (RCH) society meeting at Swasthaya Bhawan, Jaipur on December 26, 2008.
- Pradeep S Mehta of CUTS participated in the World Trade Institute-International Centre for Trade and Sustainable Development Trade Policy Dialogues initiative entitled, 'New Directions in US Trade Policy - Issues and Priorities for the Obama Administration', in Geneva, on December 11, 2008.
- Rijit Sengupta of CUTS C-CIER presented a paper on the 'International Competition Fund: Solution for Effective Deterrence and Distribution of Cartel Fines' in the ACF, organised by the Hong Kong Polytechnic University, in Hong Kong, on December 08-09, 2008.
- Udai S Mehta of CUTS C-CIER participated in the International Environmental Governance (IEG) Forum and Regional Consultation Meeting for Asia and the Pacific (RCM-AP), in Sydney, on November 27-30 2008, in preparation for the 10<sup>th</sup> Global Civil Society Forum (GCSF) to be held in Nairobi, on February 16-20, 2009.
- Anutosh Biswas of CUTS CITEE participated in a State Level Meeting under the Grassroots Reachout & Networking in India on Trade & Economics (GRANITE-II) project organised by Consumer Guidance Society, Andhra Pradesh at Guntur, on November 30, 2008.
- Rajesh Kumar of CUTS C-CIER participated in a conference on 'Captive and Distributed Power Generation' organised by Independent Power Producers Association of India, in New Delhi, on December 03, 2008.
- Rashid S Kaukab of CUTS, Geneva attended the Annual Conference of the Trade Policy Training Centre in Africa entitled 'Strengthening and Deepening Economic Integration in Developing Countries' in Arusha, on November 13-14, 2008.
- Angela Mwape Mulenga of CUTS, Lusaka participated in the EU/ESA-EPA Technical and Senior officials meeting, in Lusaka, on November 03-05, 2008.
- Amarjeet Singh of CUTS CART attended the Annual Meeting of Consumer Advocacy Groups organised by the Telecom Regulatory Authority of India (TRAI), in New Delhi, on October 24, 2008.
- Dr V V Singh of CUTS C-CIER conducted a session on 'Infrastructure Regulation for Indian Economic Service Officers' in a training programme organised by National Maritime Academy in Trivandaram, on October 20, 2008.
- Simi T Balakrishnan of CUTS CITEE attended the Third Steering Committee Meeting of the project 'Enabling Developing Countries to Seize the Eco-labeling opportunities' in Ottawa, on October 03, 2008.

## CUTS Bags India Power Award

CUTS received the prestigious India Power Award 2008 for its outstanding networking and various outreach activities towards consumer empowerment by the Council of Power Utilities, in association with KW Conferences and sponsored by Crompton Greaves, Mint and Mercados Energy Markets (Asia) at a high level function held in New Delhi, on November 03, 2008.



Dr M S Swaminathan, a noted Agriculture Scientist and Member of Parliament presented the award to Pradeep S Mehta. The Council of Power Utilities and KW Conferences Pvt. Ltd. have initiated a visible and credible platform – the India Power awards to recognise the achievements and contributions of organisations and individuals in this sector. The awards 2008 are being envisaged as a systematic and methodical approach to recognise excellence in power and energy development.

<http://www.cuts-ccier.org/ccier-meNov08.htm#me01>

### VISITORS

Name	Comments
M Jafar (Amirzai) Ministry of Agriculture Afghanistan	I want that Afghanistan should also be promoted like India.
Maria Daniela Guaras Ministry of Agriculture Argentina	I would like to work with CUTS in order to strengthen South-South cooperation.

### FORUM

I congratulate you for receiving the M R Pai Memorial Award lauding the splendid work done by you and your organisation in educating the public on competition and regulation over the years. Please accept my heartiest congratulation on your achievement. I am sure if I am to modify the Shakespearian quote then I must say that your achievement is not an accident, but a trait in you. Once again accept my best wishes, congratulations and warm regards on this grand recognition.

**Vivek Agrawal**  
Advocate, Bhopal

### PUBLICATIONS

#### Competition Policy: Essential Element for Private Sector Development in Eastern and Southern Africa

This Monograph highlights impediments to the effective operationalisation of competition regimes in the Eastern and Southern Africa, which has been argued to be an imperative for private sector development therein.

#### Trade and Poverty Linkages: A Case Study of the Poultry Industry in Bangladesh

The broad objective of this Research Report is to analyse the trade poverty linkages in the poultry industry in Bangladesh.

#### Exploring the Post-1990s Trade-Labour Linkage in India – A Set of Case Studies from West Bengal, Maharashtra and Gujarat

This Research Report is based on field surveys from a number of disparate industries and locations in West Bengal, Maharashtra and Gujarat that finds striking and significant evidence on the impact of international trade on production organisation and occupational patterns at the industry level.



#### A Critical Look at Economic Governance in India: The Case of National Foreign Trade Policy

This Research Report endeavours to understand the policymaking process of National Foreign Trade Policy of India, and to ascertain its impact especially at the grassroots.

#### Using Consumer Law to Improve Governance

This is the first of its type of publications, which documents various decisions of the Supreme Court and the consumer fora, established under the Consumer Protection Act, 1986.

#### Enforcing the Competition Law in Namibia: A Toolkit

The document analyses the constraints and challenges that the competition authority of Namibia may face towards building a healthy competition culture in the country, and suggests a framework for addressing the same.