

CUTS IN ACTION



October-December 2004

Plastic Rules: Light at the End of the Tunnel?



The other day, when I was filling up petrol in my car, a guy came up to me to subscribe to a credit card with the State Bank of India (SBI). He was a commission agent, and he was not bothered whether I was credit worthy, or needed a credit card at all. His goal was to make that extra buck, and to hell with the SBI. This story is ubiquitous. And what is more universal are the huge debts, which ordinary people have built up as a consequence of unscrupulous and aggressive marketing of credit cards. This pandemic has now finally caught the attention of the Reserve Bank of India (RBI).

The RBI has asked the Indian Banks' Association (IBA) to evolve a code of conduct for issuing credit cards and the setting up of a working group for evolving a regulatory mechanism for credit cards.

Aggressive marketing is encouraged by high rates of interest. Thus, banks cover bad debts by high incomes, which are generated by good customers. So, if we are paying our debts in time, we are actually subsidising the bank's losses. The interest

rate on outstanding credit is a startling 2 to 2.5 percent per month, which works out to a whopping 30 to 36 percent annually (compounded) and is amongst the highest in the world. Add to this other charges and you have a delinquency rate around 10 to 11 percent per annum at hand.

Regulators in Thailand have put a cap of 18 percent and laid down minimum salary requirements for issuing of credit cards. In Hong Kong, a court ruling has specified that charges must be reasonable and steps are afoot to force banks to use a common formula to disclose the 'true' cost of credit card borrowing.

Some credit card issuers hold a view that they are not obliged to share detailed terms and conditions to applicants upfront, as they are not at that point considered as 'customers.' What they do provide is in fine print and incomprehensible to a layman. Hong Kong and China have made it mandatory that all charges must be reasonable and the card issuers have to highlight the terms and conditions, especially those that impose significant liabilities on customers.

In recent times, attitudes to credit and economic conditions have changed with the result that credit transactions – and

levels of personal debt – have risen markedly. In this environment, there is an essential need for a robust regulatory framework to govern lending transactions. There are many lessons that we can learn from efforts of other countries – both historical and current.

USA's Truth in Lending Act (TILA), which was conceived in 1960s and has been in force since 1969 with a number of amendments, has remained a guiding template for credit statutes of other countries. This legislation includes credit card billing and its basic features are:

- applies to virtually all forms of borrowing for consumer purposes;
- places detailed disclosure obligations upon lenders;
- standardises method of calculating and disclosing charges; and
- prescribes specific penalties against lenders, recoverable by consumers for breaches of the legislation.

The working group would need to look at some major concerns and recommend suitable regulatory measures from such precedents and tailor them to suit Indian needs.

Pradeep S. Mehta

Pradeep S Mehta, Secretary General

A Tribute to CUTS for Achievements



CUTS is an organisation, which has not only reacted to the agenda established by globalisation but has been a forceful contributor to it.

I have long been an avid reader of CUTS newsletters, pamphlets and research reports. All these have the characteristic of prompt, timely and relevant information presented in an accessible way. Instead, though rightly critical of much that occurs in the name of trade liberalisation, CUTS accepts the underlying belief that consumer welfare can be enhanced through closer economic integration. A further strength of CUTS is the sheer breadth of its skill base and programmes, and is an authoritative commentator across the agenda: consumer policy, trade, investment, sustainability and corporate social responsibility.

For my part, I look forward to working with CUTS and all other organisations that are genuinely concerned to enhance consumer welfare and I equally look forward to working against all those, who do not.

*Allan Asher
Campaigns Director, Consumers' Association, London*

Brings a Sense of Realism



CUTS has been around for most of my time working on international consumer policy issues. We share many common interests, in trade, textiles, and agricultural policy, protectionist EU anti-dumping regime and in competition policy. We also share a belief that trade liberalisation has the potential to improve the standards of living world-wide, provided the right decisions are taken and provided that progress on international trade issues is also accompanied by similar progress on non-trade issues.

To their credit, many European consumers are concerned about the social and living standards of those who produce the goods that they buy. Sometimes, this concern can lead to the wrong solutions. CUTS performs a major service in bringing a sense of realism to this important issue and in pointing the way to policies that work. Long may it flourish.

*Jim Murray
Director, BEUC, the European Consumers Organisation,
Brussels*

Project Review Meeting

While India is poised to implement a new competition law, concerns have been expressed that lack of understanding of the policy issues, and the nature and extent of prevalence of different types of anti-competitive practices in the country will pose a major challenge. Against this backdrop, CUTS Centre for Competition, Investment & Economic Regulation (CUTS C-CIER) is implementing the project 'Towards a Functional Competition Policy for India' (FunComp Project) to get a better understanding of the competition scenario in India.

The outcome of the project is a report entitled 'Towards a functional competition policy for India', covering various issues affecting competition in the market-place. Various Indian experts (economists, legal researchers and practitioners) have been writing the individual chapters of this report.

CUTS C-CIER organised a two-day project review meeting on October 30-31, 2004, in Jaipur, Rajasthan, India, to discuss the individual chapters of the report, through presentations by the contributors. Furthermore, the overall structure of the report was also finalised succeeding the discussions. (cuts-international.org/events2004.htm#funcomp301004)



Empowerment Programme

Under 'Panchayati Raj Institution Support & Mobilisation' (PRISMO) Programme, CUTS Centre for Human Development (CUTS-CHD) launched the Panchayati Raj Empowerment Programme, supported by Swiss Agency for Development & Co-operation (SDC), at Chittorgarh, Rajasthan, India, on December 21, 2004. The project aimed towards the functioning of Panchayati Raj Institutions in line with the 73rd Constitutional amendment and the expectations and needs of the people.

(cuts-international.org/PRISMO-Report.htm)

WTO's July Package

CUTS Centre for International Trade, Economics and Environment (CUTS-CITEE) organised the International Symposium on July Package, Trade Facilitation and Transparency in Government Procurement, in Geneva, Switzerland, on November 3, 2004. The session on the July Package comprised of discussions on agriculture, non-agricultural market access, services and development issues.

In the trade facilitation (TF) session, the scope and definition of TF, technical assistance and capacity building in TF, specific General Agreement on Tariffs and Trade (GATT) 1994 provisions and TF, dispute settlement issues, and TF country case studies were discussed. While in the Transparency in Government Procurement (TGP) session, the primary questions raised were whether TGP should be a policy priority for developing countries and whether a Government procurement agreement (GPA) will contribute substantially to development?

(cuts-international.org/Symposium_WTO_July_Package.htm)

Developing Advocacy Platform

Southern Africa Regional Poverty Network (SARPN), in partnership with CUTS-Africa Resource Centre (CUTS-ARC), organised a half-day stakeholders' roundtable on the theme – Roundtable on "Economic Development Priorities: What Next After HIPC Completion Point and PRSP" at Hotel Intercontinental, Lusaka, Zambia, on December 15, 2004. The roundtable provided an opportunity to share experiences of stakeholders, which would develop a suitable advocacy platform for the civil society. (cuts-international.org/cutsarcroundtable-Report.htm)

Enhancing Market Access

CUTS Centre for International Trade, Economics and Environment (CUTS-CITEE) organised the outreach meeting of the project "Sustainable Production in the Leather Industry as a Tool for Enhanced Market Access", in Geneva, Switzerland, on November 2, 2004, with the objective of presenting the findings of the leather project. The lead researcher, Ghayur Alam,

presented the findings of the project, followed by discussions. The key issues raised were whether sustainable production (by adopting eco-labelling) will lead to increased costs? Will compliance of eco-labelling standards increase exports to the European market? What is the difference between the Indian and European eco-labels, and possibilities of mutual recognition?

(cuts-international.org/documents/DRAFT-REPORT-LEATHER-PROJECT.doc)

Poverty Eradication

CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE), Nairobi, in partnership with Friedrich Ebert Stiftung, organised a regional seminar: "Can Africa trade her way out of poverty?" in Naivasha, Kenya, on October 25-26, 2004. The seminar's main theme was Pro-poor Trade Policy for sub-Saharan Africa. It drew participants from Africa and Asia, and served as a platform for South-South dialogue on lessons and experiences of trade liberalisation and its impact on the poor.

The seminar concluded that poverty reduction is not only linked to trade and economic growth and coherent policies, but also to good governance and implementation of appropriate measures. (cuts-international.org/news-cuts1.htm#tradelib)

Consumer Friendly Cable TV

CUTS had undertaken a project on Cable TV in India, supported by the Ministry of Consumer Affairs, Government of India. In view of the findings and current developments in the cable TV system in India, CUTS organised a one-day seminar on "Consumer Friendly Cable TV System" at the India International Centre, New Delhi, India, on October 18, 2004.

The meeting sought to provide a platform to various stakeholders to air their views on the findings of the project report and come out with recommendations, which would lead to a consumer friendly cable TV system in the country.

(cuts-international.org/ConsumerFriendlyCableTVSystem-SurveyResults.htm)

Acquiring Sustainability

The Ministry of Environment & Forests, Government of India (MoEF) has commissioned CUTS to conduct a survey on the status of implementation of certain laws related to the environment viz., the Ecomark scheme, ozone depleting substances, lead-acid batteries, fly ash, and the bio-diversity law and rules. As part of the project, a one-day peer group review meeting was organised by CUTS Calcutta Resource Centre (CUTS-CRC) at the India International Centre, New Delhi, India, on October 28, 2004 to review the draft report and to cull more inputs on the subjects from experts.

About 50 experts in the above fields attended the meeting and gave their considered comments. Meena Gupta, Additional Secretary, MoEF and Pradeep S Mehta, Secretary General, CUTS International, spoke in the inaugural session and provided the right springboard for the erudite discussions. (cuts-international.org/news-cuts1.htm#transparency)



Multilaterlism and Its Options

Pranav Kumar of CUTS participated in the Evian Roundtable II on Multilateralism and its Options – A Multi-stakeholder Approach” at Lausanne, Switzerland, from November 26-28, 2004. This meeting was convened by the Evian Group in collaboration with the Friedrich Ebert Stiftung, Geneva to bring together a wide array of key stakeholders from different countries at different stages of economic development.

Pranav spoke in the session on “Regional Agreements, Integration and South-South Co-operation” in which Manzoor Ahmad, Pakistan’s ambassador to the WTO, was one of the panellists.

Benefit Sharing Process

Mita Dutta & Prabhash Ranjan of CUTS participated in the launch meeting of the Farmers’ Rights Project-II organised by South Asia Watch on Trade, Economics & Environment (SAWTEE) at Nepal, Kathmandu on October 8-10, 2004. It commenced a further initiative by SAWTEE and its partners in five South Asian countries to protect farmers’ rights on the genetic resources and their role in the decision making process.



While Prabhash spoke on the issues of Bio-diversity Law of India to elaborate India’s stand over benefit sharing process, Mita presented the country paper, which examines India’s status on the issues of benefit sharing and prior informed consent.

Multilateral Trading System

Mehta and Manish Agarwal participated in a three-day regional seminar on Asia and Pacific Economies with the title, ‘Competition Policy, Development and the Multilateral Trading System’, jointly organised by the WTO Secretariat, Administrative Staff College of India and the United Nations Economic and Social Commission of Asia and the Pacific at Hyderabad, India on October 6-8, 2004.

Mehta made two presentations; one on ‘Competition policy and restructuring in Asian developing countries’ and the other on ‘Status of Competition Law and its implementation in the Asia Pacific region’. Both these presentations highlighted issues for immediate attention, based on CUTS own experience of working on the subject.

Right to Safety

CUTS-Safety Watch organised a two-hour interactive programme at Don Bosco, Park Circus, Calcutta, India, on December 18, 2004 to celebrate the forthcoming “National Consumer Day”. The programme aimed to build capacity among the students on the issues of “Consumer Protection”, in general and “The Right to Safety”, in particular.

In the beginning, presentations were made on the issues of general consumer protection by Department of Consumer Affairs (DoCA). A debate was organised on the topic “In Today’s World of Advertisements, We are More Confused than Informed”.

Observance of ‘Vigilance Week’

The vigilance week was observed by CUTS-CART (Consumer Action Research & Training) from November 1-6, 2004 at the initiative of the Government of India. Some of the activities were: A memorandum to the Chief Minister (CM) of Rajasthan, Vasundhara Raje, with suggestions for combating corruption effectively, a circular to networkers asking them to forward their suggestions to the CM and other government officials and a session on ‘Good Governance and Corruption’ at the Seedling Public School, Jaipur, on November 6, 2004 by K C Sharma, which was attended by more than 500 students and members of staff of the school.

Biggest Achievement

The biggest achievement for the Consumer Information Centre of CUTS-CART was the settlement of the claim of Rs 25,000 of one Vikram Singh Bes from Bhilwara on the basis of the letter written by the Centre to the National Insurance Co. Ltd. The complaint was regarding the non-settlement of the claim to the nominee, even after six months after the death of his father.

SNIPPETS

- Mita Dutta and Parashar Kulkarni participated in the 7th Sustainable Development Conference, organised by the Sustainable Development Policy Institute at Islamabad, Pakistan, from December 8-10, 2004. The conference brought to limelight emerging themes in social sciences research, namely; security dimensions in South Asia, future approaches to the Kashmir problem, violence against women, engendering trade as well as food security.
- Dharmendra Chaturvedi attended the Roundtable organised by Social Policy Research Institute in collaboration with Rajasthan State AIDS Control Society at *Nari Chetna Samiti* (Women Awareness Group), Jaipur, Rajasthan, India, on December 1, 2004. The Roundtable focused on areas of health concern, HIV/AIDS, and Reproductive and Child Health and the impact of the ongoing programmes on controlling the spread of the epidemic and future strategies to tackle the issue.
- Bipul Chatterjee attended the conference on Trade: Contribution to Growth, Human Development & Poverty Reduction, organised by the United Nations’ Development Programme (UNDP) at Penang, Malaysia, from November 22-24, 2004. Better comprehension of UNDP’s work on trade and human development was highlighted in the conference.
- Alice Pham attended the Inter-governmental Group of Experts (IGE) meeting on Competition Law and Policy of the United Nations Commission on Trade and Development (UNCTAD) at Geneva, Switzerland, from November 8-10, 2004. She presented CUTS approach and initiatives on competition policy and law in developing countries.
- Deboshri Chatterjee participated in the workshop titled WomenPowerConnect for the states of UP, Rajasthan, Gujarat & Madhya Pradesh held in Jaipur, Rajasthan, India, on October 29-30, 2004. The workshop was with the intention of forming an alliance between NGOs and women organisations and individuals working with a special focus on ‘women and girl child’.
- Mehta participated in the three-day seminar entitled “WTO Negotiations: India’s Post-Cancun Concerns” jointly organised by The Planning Commission of India and the International Trade and Development Division of the School of International Studies, Jawahar Lal Nehru University, in New Delhi, India from October 18-20, 2004. Mehta presented a paper on ‘Multilateral Competition Framework’.
- Gideon Rabinowiz attended the European Social Forum in London from October 15-17, 2004. He also attended a Joint Parliamentary Assembly on Africa Caribbean and Pacific-European Union at The Hague on October 24-25, 2004.
- Pranav Kumar attended a half-day ‘UNCTAD Hearing with Civil Society and Private Sector’, which took place in pursuant to paragraph 117 of the Sao Paulo Consensus at Geneva, on October 4, 2004. He spoke on South-South co-operation and raised the concern of technical assistance related to trade facilitation negotiations and a possible multilateral agreement.

— VISITORS —

Name	Comments
K K Nair Ahmedabad Management Association	I was delighted to visit this excellent centre. From the discussions, I could gather a lot of information and the laudable work the centre is doing. Very co-operative and open. We wish to collaborate with the centre.
Vidan Hegenen, Deputy Minister of Foreign Affairs, Norway	Thank you for the good co-operation we enjoy with CUTS, and for the fruitful exchange of views and proposals at the meeting.
Sudhir Varma Director, Social Research Policy Institute, Jaipur	Very interesting meeting. CUTS has been doing really well. Impressed on my first visit.
Coen Van Kessel Novib Netherlands	Thank you very much for reserving so much time for your discussions with me. It was a great learning exercise for me. Thanks again and I am looking forward to meeting again next year.

— FORUM —

I would like to take this opportunity to thank you for the detailed and insightful publications that you have availed on trade, investment, competition and consumer policy.

In this regard, in an effort to combine research resources for best possible results, it is my pleasure to invite your organisation to serve with us on priority and concrete issues, such as investment policy and strategy formulation. This is particularly important at this point as the Ministry seeks development through capacity building and consensus building, research, analysis and technical assistance.

*Dipak K A Patel, MP,
Minister of Commerce, Trade & Industry
Republic of Zambia*

Glimpses of Ongoing and Future Projects of CUTS

Centre for International Trade, Economics & Environment (CITEE)	Project on "Linkages between Trade, Development & Poverty Reduction" (TDP) will manifest the policy relevance of international trade on poverty reduction and thus help in articulating policy coherence (in particular between the international trading system and national development strategies). International trade has a major role to play to achieve the Millennium Development Goals (MDGs) and reduce absolute poverty by half by the year 2015.
Centre for Competition Investment & Economic Regulation (C-CIER)	'Advocacy and Capacity Building on Competition Policy and Law in Asia' (7-Up2) is an initiative aimed at accelerating the process towards evolving an effective competition regime in select South Southeast Asian countries. A detailed report with systematic analysis of competition and its overlaps with various sectoral policies has been prepared as the country document under the 7-Up2 Project in India. This report would be released in an International Conference: 'Moving the Competition Policy Agenda in India' in New Delhi, India on 31 January – 1 February, 2005.
Consumer Action and Research Training (CART)	Enhancing regulatory reforms in the electricity sector in Rajasthan through better consumer participation.
Calcutta Resource Centre (CRC)	Safety Watch, based at CRC, launched a campaign on their research publication "Is It Really Safe?" The idea is to generate awareness and empower consumers and consumer organisations on safety related rights.
London Resource Centre (LRC)	Raising awareness of UK African communities on Economic Partnership Agreements (EPAs). It will help to maximise the developmental impact of the EPAs and help ensure the Cotonou process of supporting sustainable development and poverty relief.

— MOVING ON —

Remarkable International Network



I joined CUTS Centre for International Trade, Economics & Environment (CITEE) as a researcher in September, 2003. The experience has been interesting, challenging and educative in every sense. The learning curve at CUTS-CITEE is very steep! My colleagues have been supportive and it was encouraging to have quite a lot of responsibility from the very beginning. The possibility of interacting with experts and researchers from all over the world was one of the best aspects of my tenure. The international network of the Centre is remarkable and the work it does is important, I hope it will contribute towards the well-being of many.

Diana Montero Melis

CUTS: A Learning Platform

I joined CUTS as a trainee when I was an undergraduate and today, after three years of my association with CUTS, I feel a sense of accomplishment in terms of knowledge as well as my exposure to the world. CUTS served as a learning platform and helped me in enhancing my understanding on various issues. I am grateful for the kind of trust and confidence it has shown in me by providing an opportunity to work independently at national and international levels. I wish all the best to CUTS for its future endeavours and hope and believe that the organisation will be able to realise all its expectations to its best.

Nupur Mehta

Understanding International Trade Issues



I started working for CUTS-CITEE (Centre for International Trade, Economics & Environment) as a researcher, in August 2003. CUTS-CITEE has given me the opportunity to co-ordinate and organise several projects and conferences, most importantly IWOGDA II and the Afro-Asian Seminar. Working here has also furthered my understanding of various international trade issues. The Centre is strong in its outreach; I trust its impact on the lives of common people will be positive.

Aparna Shivpuri

A Great Learning Experience

CUTS is working in most areas of consumer protection. It has 20 successful years to be proud of. The strengths which have drawn my attention are: considerable amount of hard work; high level of discipline and decorum; and the issues concerning to the present and the past projects are of great relevance to both national as well as global platforms. My experience, though very limited, was one of great learning. Technically, it was a good exercise to be surrounded by very sincere people working to attain even better standards in work. Hope I have been able to come up to the expectations of the organisation.

Debashri Chatterjee

A Good Blend of Research and Advocacy



Working in CUTS, as a legal researcher, was a unique and learning experience. In my opinion, the strengths of CUTS are good blend of research and advocacy. Colleagues were very supportive and I wish CUTS all success in its endeavours.

Prabash Ranjan