

# CUTS IN ACTION

 कट्स CUTS  
1984 to 2003  
Twenty Years of Social Change

July-September 2004

## Promoting Competition to Develop Effective Markets



The other day I was invited to a grand party at Jaipur where people from all walks of life were present. As usual people were fawning over civil servants, as is the wont. Some of these fellows were quite pleasant while many strutted around with their noses in the air. Who were the important people who were not there – the officials of the Department of Telecommunications (DoT)?

Why? Few years ago telephone officials too strutted around such parties with their noses in the air, because people needed favours from them. For ordinary people like me, we needed a telephone, and one that worked. In any event, after getting a telephone, one would also have to grease the line-man etc. to ensure that it worked. Getting through long distance calls was another dreadful experience. I wonder how many people remember when the former Chief Minister of Madhya Pradesh, P C Sethi, walked into a telephone exchange in New Delhi, brandishing a revolver because his trunk calls were not being realised.

What a sea change has taken place? I wonder how many people know the names of the telecom officials any longer, because they don't need to. One can get different types of telephone services and make calls to anywhere on the drop of a hat. Competition, stupid!

How does competition help us? Firstly, by ensuring that there are a large number of suppliers, so that there is rivalry. Secondly, where there are natural monopolies, we require better regulation and price capping, so that we are not exploited.

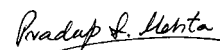
There is a huge competition in the telecom sector, which is improving with new technologies available every day. Yet, the sector needs regulation. Rivals can collude, and thus negate the benefits of competition. Or, the tariff plans are made in such a way, that consumers cannot decipher. Thus, there is a Telecom Regulatory Authority of India (TRAI) at New Delhi, which governs the telecom sector including their performance standards.

TRAI is engaged in another area of regulation, which is also quite close to consumers, i. e. Cable TV. Here we are stuck with natural monopolies, which too

charge exploitative prices. We cannot even change our cable TV operator, or risk getting no service at all. CUTS is currently engaged in a nationwide survey, results of which will be published on our website. Then there are a huge number of other sectors, such as electricity where too natural monopolies reign. There are regulatory institutions but their capacity is either limited or non-existent.

The new government at the centre is very serious about improving competition in the market place and also to reform the regulatory structure that is in place. Currently, the Planning Commission is engaged in looking at the regulatory infrastructure and seeing how we can bring in best international practices to improve them. Thus, there is intent and the challenge is to convert it into reality.

CUTS is engaged in another major project to develop a Functional Competition Policy for India, by studying various sectors of our economy. Preliminary results show how uncompetitive our economy is and how it affects both the producers and the consumers.



Pradeep S. Mehta, Secretary General

### Get Politicians Involved



My first interaction with CUTS dates back to the early nineties, when I was invited to a conference on competition law and development in Delhi, organised by Pradeep Mehta. It was a small conference, but there were very influential people present and I was particularly impressed both with the level of sophistication and the intensity of the discussion. I realised that CUTS was well informed, well connected in India, influential and a formidable advocate for competition and consumer policy.

Later on, I read CUTS literature, which I found quite balanced and which placed competition issues in the larger context of development and consumer policy. I was then involved in the 7-Up Project, which was one of the most interesting projects I have ever seen in recent years.

In the ultimate analysis, CUTS has done well to push for a competition policy with consumer organisations and competition authorities.

Frederic Jenny  
Vice President, Conseil de la concurrence, Paris

### Regional and International Outreach



My first interaction with CUTS dates back to July 1999, when I met Raghav Narsalay and Bipul Chatterji from CUTS while I was attending the launch meeting of the 7-Up Project at Jaipur, India. Upon knowing about CUTS and its activities, my views about the organisation were that here one finds an excellent blend of research and advocacy with regional and international outreach.

On the international front, it has been a very vocal organisation, representing the developing world. CUTS has been very effective in bringing to the forefront issues that affect the growth of the developing nations, be it at the WTO or any other forum. The strength of CUTS lies in its well thought out policy briefs. During all these years, it has strengthened its research capability and, with the support of a well-balanced research team, it has come up with good research work, depicting both the views for and against the issues that it advocates. Although the research work is up to the mark, it should be more rigorous as the research undertaken by CUTS needs more analytical rigour.

The advocacy efforts made by CUTS are good and effective, as it has developed linkages with other research partners in the region and it takes pain to nurture these relations.

Sajid Kazmi  
Research Associate, Sustainable Development Policy Institute  
Islamabad, Pakistan

## EVENTS

### Promoting Competition

CUTS Centre for Competition Investment & Economic Regulation (CUTS C-CIER), in association with the Bangladesh Enterprise Institute (BEI), organised the Regional Launch Meeting of its project entitled "Advocacy and Capacity Building on Competition Policy and Law in Asia" (7-Up2 Project) on September 22-23, in Dhaka, Bangladesh. The Project aims to accelerate the process towards functional competition policy and law for selected countries (Vietnam, Cambodia, Lao PDR, Bangladesh, Nepal and India) and advance an enabling environment for law and policy to be better enforced.

Addressing the meeting, economist Atiur Rahman said that Bangladesh needs a competition policy to protect consumer rights, but the government has, so far, given the least attention to the issue. Pradeep S. Mehta, Secretary-General, CUTS International said, "A competition policy and law is not the luxury of the developing world, but a necessary governance instrument for all countries".

The participants also discussed promoting a healthy competition regime in the project countries and the strategies and actions required to achieve this objective.

### Boosting Economic Growth

CUTS International, in association with the National Council of Applied Economic Research (NCAER), organised a public lecture by Kaushik Basu, C. Marks Professor of International Studies and Professor of Economics at Cornell University, at the NCAER Auditorium, New Delhi, on August 2, 2004. Montek S. Ahluwalia, the Deputy Chairman of the Planning Commission of India, was present as the Chief Guest on the occasion.

## Common Minimum Programme

CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE), in association with the Friedrich Ebert Stiftung (FES), New Delhi, organised a National Seminar: "The Common Minimum Programme and Its Prospects on Economic Reforms", at the India International Centre, New Delhi, on September 14-15, 2004. The objective was to discuss and debate issues relating to the Common Minimum Programme, which focus on economic substance, developmental aspects and stakeholders' participation.

Mehta said that economic reforms are not new in independent India. In today's context, the major concern is whether the nation is witnessing "jobless growth or not".

The participants were unanimous in their recommendation that the debate on economic reforms and its implications on the livelihoods of people should be held regularly and at different levels: national to grass roots.



Mehta of CUTS and Suman K. Bery, the Director General of NCAER, welcomed all the members.

Basu spoke on the topic "Prospects for the Indian Economy: Curbing Poverty and Boosting Growth" before an audience that comprised a mix of bureaucrats, academicians, representatives of foreign missions, funding agencies and the media.

Following the lecture and discussion by the experts, there was intensive interaction between the speakers and the members of the audience, who raised some pertinent points like the role of investment in ensuring economic growth, relationship between administrative and political reforms and the need for a strong watchdog movement.

### 'Consumer Friendly Bill'

Consumer organisations gathered at a workshop organised by CUTS Centre for

Consumer Action, Research & Training (CUTS-CART), on July 22, 2004, suggested changes in the Rajasthan State Electricity Bill 2004 for making it more consumer-friendly, particularly for agricultural and rural consumers. Mehta of CUTS made the introductory remarks.

Participating in the workshop, the Energy Minister, Gajendra Singh Keenwasar, said that the State Government is committed to speeding up electricity reforms, keeping in mind the common customers and employees of electricity corporations.

Gajendra Haldia, Chief Advisor, NCAER, who has drafted the Rajasthan State Electricity Bill 2004, interacted with representatives of consumer organisations from all over the State and answered their queries.

### CUTS Retreat

Retreat is a regular feature of CUTS, which means "to review our past and consider our present in order to find out where are the shortcomings and plan a future accordingly for best results".

A structured approach was followed for the Retreat, which was held at Hotel Trident in Jaipur on July 24-25, 2004. Before the Retreat, a mini-retreat was organised at each Centre. The outcome of these mini-retreats was presented in the form of a case study/backgrounder for each Centre. The presentation for each Centre was prepared in a structured form, looking into the critical issues, namely, work-related, resource generation, human resources, environment-related and miscellaneous.

After the presentation of critical issues, the respective centres discussed the issues raised. The outcome of the group discussions was presented separately. Other than these, several fringe meetings were also organised.

## Post-Cancun Developments

CUTS Centre for International Trade, Economics & Environment (CITEE), in association with the Sustainable Development Policy Institute, Pakistan, and Oxfam GB in Pakistan and the South Asia Watch on Trade, Economics & Environment (SAWTEE), Nepal, organised a conference entitled "WTO Post-Cancun Developments: Options for South Asia", in Islamabad, Pakistan, on August 17-19, 2004.

While delivering the keynote address, the Privatisation Minister of Pakistan, Abdul Hafeez Shaikh, said "The South Asian Region has lost much time. Therefore, we need to do a lot of catching to match with the level of economic development of other regions". Speaking on Singapore issues, Mehta stated that developing countries had balked at including these issues in trade talks, specifically investment rules, because many wanted to retain control over their own key industrial sectors.

Ratnakar Adhikari, Executive Director, SAWTEE, Nagesh Kumar, Director General of Research and Information System for Non-aligned and other Developing Countries (RIS) were the other speakers.



## REPRESENTATION

### Consumer Protection

The State Department for Food, Civil Supplies and Consumer Affairs organised a one-day seminar on 'Consumer Protection: Present Status & Possibilities' on August 27, 2004, at the Harish Chandra Mathur Rajasthan State Institute of Public Administration (HCM-RIPA) for the Presidents of District Consumer Forums and selected representatives of Voluntary Consumer Organisations from all over the State. Deepak Saxena and Dharmendra Chaturvedi of CUTS participated in the seminar.

G D Arya, Deputy Commissioner (Food), inaugurated the seminar. In his inaugural address, he mentioned that out of more than one lakh cases filed in the consumer courts, 60 percent are disposed of within the stipulated time limit.

### ADC in the Telecom Sector

Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Consumer Co-ordination Council had jointly organised a meeting on "Consumer Concerns on Access Deficit Charges (ADC) in the Indian Telecom Sector" on August 3, 2004, at ASSOCHAM House, New Delhi. Manish Agarwal and Rijit Sengupta represented CUTS in the meeting.

Manish Agarwal made a presentation on CUTS' views on ADC and argued for the removal of ADC, as it was unjustified and anti-consumer. Representatives of six other consumer organisations were unanimous on the removal of ADC.

### Civil Society Perspective

Aparna Shivpuri and Mehta of CUTS attended the "Civil Society Meeting on the 2004 Commonwealth Finance Ministers Meeting and the Millennium Development Goals (MDGs)" in London on July 26-31, 2004. The meeting was organised by the Commonwealth Foundation to discuss, share experiences and analyse the civil society perspective on two issues: the role of International Financial Institutions (IFIs) in supporting pro-poor trade liberalisation in low income and vulnerable countries; and the issues and challenges that civil society faces in working towards the MDGs.

Mehta, during his presentation, focused on South Asia and said that debt and trade cannot be so easily connected and that there are many internal factors in developing countries that have a multiplier effect.

*Mehta of CUTS has been appointed as a Honorary Senior Fellow in the Centre for Trade and Investment (CTI), Centre for Management Studies (CMS), in Harish Chandra Mathur Rajasthan State Institute of Public Administration (HCM-RIPA) for a period of three years.*

### CCI Consultation Process

Mehta has been invited by the Competition Commission of India's (CCI) to be a member of their Advisory Committee on Regulations, comprising of persons having an in-depth knowledge and special experience of competition law and issues, who can be consulted from time to time to prepare regulation for the CCI.

Mehta delivered a brief presentation on the "Do's & Don'ts for CCI" at CCI on July 2, 2004. He also participated in the first meeting of the Advisory Committee held on August 21, 2004, at New Delhi.

### Pre-budget Consultation

The Chief Minister of Rajasthan, Vasundhara Raje Scindia, also holding the Finance Portfolio, invited consumer organisations to a pre-budget consultation on June 14, 2004. CUTS participated in the consultation and made suggestions for taking proactive steps for promoting the consumer movement in the State, which will act as a catalyst for the overall development of its economy.

Taking this opportunity, a document entitled "Vision Rajasthan 2020" was also presented to the CM and other participants. The vision document outlines

the strengths, limitations and opportunities and analyses them in the light of various challenges that the State is facing. R D Mathur, Vinayak R Pandey and Manish Agarwal represented CUTS in this consultation.

### Questions in Parliament

Sarala Maheshwari, Member of the Rajya Sabha, raised a few questions in the Parliament on behalf of CUTS. She asked the Minister of Consumer Affairs, Food and Public Distribution to state the amount currently available with the Consumer Welfare Fund (CWF); the percentage of the available fund utilised during the last five years; whether the Government proposes to increase the



ceiling on grant allocations to consumer organisations; and whether the Government intends to simplify the operational procedures of the CWF.

Responding to the above queries, the Minister stated that an amount of nearly 76 crores is available in the Consumer Welfare Fund; the average percentage of the available funds utilised during the last five years is 55.372; the Government is not proposing to increase the ceiling on grant allocations to consumer organisations; and the State Governments/Union Territories have also been requested to set up their own CWFs, for which seed money will be granted from the CWF.

## SNIPPETS

- James Chansa attended a workshop organised by the Zambia Trade Network (ZTN), with resource support from the United Nations Development Programme (UNDP), held on August 19, 2004, at the Mulungushi Conference Centre in Lusaka. The workshop was on the "Role of Civil Society Organisations (CSOs) in the Realisation of MDGs in Zambia".
- Deepak Saxena, Amit Tandon, Dharmendra Chaturvedi and Mukesh Gupta of CUTS International attended a training programme on Investor Education, organised by the Indian Institute of Capital Markets at Mumbai, on July 24-27, 2004.
- S. Banerjee of CUTS-CRC attended a meeting "ISO 14001: Myths and Realities – How Industries can Derive the Best" on September 2, 2004 organised by the Indian Chamber of Commerce (ICC). The meeting was held to encourage industry to adopt ISO 1400.
- Mehta attended the Annual Conference of the CRC (Centre for Regulation and Competition) on September 7-9, 2004 at Cape Town, South Africa. Followed by the conference he also attended the meeting of the Centre Advisory and Review Group (CARG) organised by the University of Manchester.

## — VISITORS —

Name	Comments
Angela Connolly, Development Manager Finance & Accounts, Save the Children, UK	It was wonderful to hear about the excellent work of CUTS. I am proud that Save the Children supports it.
Anja Wucke, GTZ	The half-hour we spent was one of the best meetings in between several in a whole week.
Purushottam Agarwal, IAS, Commissioner, Agriculture, Rajasthan	I visited CUTS office to discuss certain aspects of the WTO's implications for Agriculture. I was impressed to see their library and other resources. It was a pleasure to discuss with Mehta and his team. They have an insight into WTO-related issues. They have a professional team committed to their work and rendering valuable contribution to society and to the country's economic policy-making.

## — FORUM —



At present, I have to satisfy myself by interacting through your literary treasure in the form of "CUTS in Action", Research Reports, Newsletters, Briefing Papers, etc.

I was pleased to see our comments on 11 subjects printed in your unique book, "Is It Really Safe?"

It seems the unwritten motto "Safety, Safety and Safety First" has been and is the sustaining power and spirit of CUTS. What CUTS writes or publishes is the last word on the subject matter!

We, as an organisation, wish you, Pradeepjee, and your CUTS, nothing less than sky-high fame.

*Ramaben R. Mavani*  
*Ex-M.P (Lok Sabha), President,*

*A National Award Winner Consumer Activist*

## — MOVING ON —

### Congenial Working Environment



CUTS is quite a renowned organisation in Rajasthan. It has a good organisational structure, a rich stock of resource material and a congenial working environment. Ample opportunities exist for working on trade-related issues.

Initially, good networking can be developed in the eastern region and then this can be replicated in the other parts of India.

The Calcutta Resource Centre can be supported with proper resources and administrative infrastructure from the head office for moving on a self-sustaining path. Colleagues have been very helpful and co-operative at every stage of work.

*Kalyani Ghosh*

### Fruitful Years in Terms of Learning

I joined CUTS in July 2003. I was quite happy to get an opportunity to work here as it is among the well-known NGOs working in the area of international trade. My work was largely related to competition issues. It was a very fruitful year in terms of learning and provided me an insight into competition and some of the regulatory issues. The strength of CUTS is that it works in new areas where little or no work has been done.



This provides an employee, especially one involved in research and advocacy, a good exposure and understanding of various issues that are relevant in any area. Employees are encouraged to learn, think and be innovative. I hope and wish that the organisation would carry on its work with the same vigour in the future.

*Sheela Rai*

### A Wonderful Learning Experience

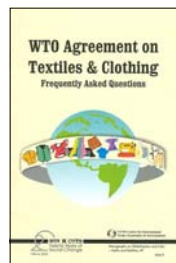


I was here for two months as an intern and now I have completed my tenure. Networking and the Researchers are the strengths of CUTS in my opinion. The library is endowed with rich collection of books.. More meetings should be organised at the departmental level to follow-up everyone's work. Staff has been very supportive. I can only say that it has been a wonderful learning experience.

*Aanchal Anand*

## — PUBLICATIONS —

### WTO Agreement on Textiles and Clothing – Frequently Asked Questions



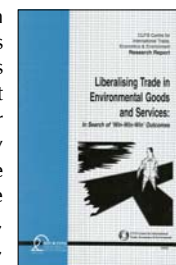
The WTO Agreement on Textiles and Clothing (ATC) is a complex one. Among other issues, it outlines the procedure of phasing-out the multi-fibre arrangement, under which a major portion of international trade in textiles and clothing has been conducted since the 1990s. The ATC brought discipline in the WTO. The ATC, negotiated during the Uruguay Round (UR), was seen as a potential area of benefit for the developing countries. Estimates at that time even

suggested that over one-third of the total benefits from the UR would result from the liberalisation of global trade in textiles and clothing.

This monograph attempts to address some of the basic questions and concerns relating to trade in textiles and clothing. The aim is to equip the reader to be able to understand the fundamentals of and underlying issues pertaining to trade in textiles and clothing. *(Monograph, Suggested Contribution: Rs. 50/US\$10)*

### Liberalising Trade in Environmental Goods and Services:

### In Search of 'Win-Win-Win' Outcomes



Ever since the Doha Ministerial Conference in 2001, trade in environmental goods and services has assumed a centre-stage position. Its importance is being amplified by the fact that many "environmental" tasks such as wastewater management and sanitation, traditionally considered the preserve of the public sector, are increasingly being privatised. Additionally, since several environmental services, such as sanitation, are still within the purview of the public sector, market access could be denied to foreign vendors on the grounds that this constitutes government procurement, with no direct commercial gain.

The excellent analysis of this issue involving environmental trade concludes with soundly reasoned policy recommendations which show the direction that future negotiations must take, if the originally envisaged 'win-win-win' situation is to be achieved.

*(Research Report, Suggested Contribution: Rs. 100/US\$25)*