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To the Hon'ble PM and Chief Ministers of all states of India

Greetings!

As you are aware, the Covid-19 pandemic is transforming from unprecedented health to an equally unprecedented economic and humanitarian crisis. The exemplary efforts taken under your leadership to contain its adverse impact are highly praiseworthy.

As the nation begins to restart economic activities, you would agree that our economic regulatory framework needs to focus on fostering citizen well-being, inclusive and sustainable development, much more than before. A crisis like this is a grand opportunity to address this crucial problem which can make life easy for every citizen, whether employed or self employed or unemployed.

To this end, a group of public intellectuals, scholars, and experts numbering over 50 have come together to propose a New Charter for Economic Regulatory Framework of the country. The Charter lays down a practical guideline to implement a whole of government systems approach for examining economic regulations on a three-step test of legality, necessity, and proportionality, informed by stakeholder consultation and cost-benefit analysis, and ensuring adoption and implementation of optimal regulations.

The Charter, as attached herewith, is addressed as an Appeal to your honour, as we believe the union and state governments will need to work together, along with other stakeholders, to reduce the mistrust between citizens, workers, businesses, and government, and usher a new era of economic democracy. The Appeal can also be accessed at <https://bit.ly/2ZAwXcO>.

We look forward to your adoption of the Charter and remain at your disposal for assisting with its implementation.

Looking forward to your valued response, I am,

With warm regards,

Yours sincerely,



Pradeep S. Mehta

***A Charter for the Nation's Economic Regulatory Framework:
An Appeal to the Prime Minister and Chief Ministers of All
States and Union Territories of India***

1. The Covid-19 pandemic is adversely impacting Indian economy. Poverty may double, and 400 million workers risk of sinking into deeper poverty. Revenues of central, state governments, and private sector are set to shrink.
2. India's economic regulatory framework is steered by central and state governments. While the centre and states are exclusively in-charge of several subjects spanning economic regulatory governance, they are expected to work closely on many others.
3. The crisis has shown that our existing economic regulatory framework has outlived its purpose. It has failed to create right incentives for businesses to practice inclusive and sustainable business models. The regulation making process is captured by only a few, with voices of micro and small businesses, workers, and citizens, remaining unheard, who bear disproportionate burden of such regulatory frameworks.
4. Lack of 'whole of a government' systems approach has led to inconsistent interpretation and implementation, resulting in inadequate safety and security for human capital, and mistrust between citizens, workers, businesses, and government. Few of the states have announced labour law reforms recently, by executive orders, to attract investment. This may not necessarily enable smoother business operations, and it will increase the trust deficit, which can be counter-productive.
5. The Prime Minister has emphasised on the need to respect wealth creators (micro and small businesses to medium and large enterprises), and one should also include workers as wealth creators. Undoubtedly, we need enhanced economic performance by our private and public sector to get out of the depression.
6. A swift recovery from the current crisis aided by private and public sector is unlikely unless our economic regulatory framework is completely overhauled urgently, with right objectives, inclusive processes, and accountability metrics. The government realises this. In his recent address to the nation, while announcing a broad-based reform package, the Prime Minister highlighted that it would focus on:

- i) *“supply chain reforms for agriculture, rational tax system, simple and clear laws, capable human resources and a strong financial system...will promote business, attract investments, and further strengthen ‘Make in India’.”*
- ii) *“land, labour, liquidity and laws, and will cater to various sectors including the cottage industries, micro, small & medium enterprises, the working class, middle class and industry, among others ...will also focus on empowering the poor, labourers and migrant workers, both in the organised and unorganised sectors. It will seek to increase efficiency and ensure quality.”*

7. The case for an inclusive, ‘systems thinking’ based reforms process is now obvious, for which, we need a new compact between the government, micro and small businesses, medium and large enterprises, workers, and citizens, wherein each of them has an equal say in design, implementation, and enforcement of optimal regulatory requirements.

8. It has been reported that the government was considering a proposal which required each department to assess the time and cost of regulations it imposed on a firm. It is necessary to revive such reform efforts and integrate them into a broader regulatory overhaul initiative examining all issues from different perspectives.

9. The Central Government along with Governments of States and Union Territories (UTs) with the assistance of NITI Aayog would need to lead such overhaul. Thus, the Prime Minister of India and Chief Ministers of all Indian States & UTs are urged to:

1) Announce that the core objective of economic regulatory framework is to promote well-being of citizens and sustainable growth. This would mean prosperity, ease of living, safety, and economic security for our citizens, along with environment protection.

2) Direct all government departments and regulatory agencies (collectively, regulatory bodies) to examine if their existing and proposed economic legislations, regulations, directions, orders, rules, conditions, inspection and reporting requirements (collectively, regulatory requirements) fulfill the stated objective.

3) In this regard, all regulatory bodies must adopt a time-bound, transparent, consultative, inclusive process, which necessarily includes:

- i) listening to all government and non-government stakeholders on how the relevant regulatory requirement does or does not fulfill the stated objective;
- ii) soliciting views from the public, particularly medium and large, and micro and small businesses, workers, and citizens, about challenges faced and changes required in relevant regulatory requirement;
- iii) examining if the relevant regulatory requirement is legal, necessary, and proportionate (particularly for micro and small businesses, and workers);
- iv) conducting a cost-benefit analysis of the relevant regulatory requirement and possible alternatives on different stakeholders.

4) Require all regulatory bodies to make results of such process along with their recommendations public, on retaining, amending, abolishing, or introducing regulatory requirements, and justifying how such recommendations fulfill the stated objective.

5) Constitute legislative committees to review such recommendations and make the results of their review, along with their suggestions, public.

6) After another round of public consultation, amend or abolish sub-optimal regulatory requirements, and adopt better regulatory requirements.

7) Incorporate a ‘sunset clause’ in all the regulatory requirements. Consequently, after a specified period (say, nine years) of a regulatory requirement remaining in existence, its relevance should be automatically tested. Such requirement should be retained only if it continues to fulfill the stated objective.

8) Ensure that regulatory bodies function in accordance with better regulatory requirements, and periodically publish their performance reports on pre-determined indicators.

10. To enable the regulatory bodies to effectively undertake the overhaul process, and function as per better regulatory requirements, they must possess necessary expertise and human resources, act independently, but should not overstep their mandate. To this end, it must be ensured that:

- i) A time-bound independent personnel review and selection mechanism is adopted to review the leadership, expertise, and manpower requirements of regulatory bodies and make appropriate

recommendations on their membership and staffing, through a transparent, objective, and non-discriminatory procedure.

- ii) An independent, accessible, and robust grievance redress mechanism is put in place which necessarily has an appellate procedure for use by those aggrieved by decisions of the regulatory bodies.

11. Such participatory and deliberative process of designing regulatory requirements, along with well-equipped regulatory bodies which act transparently and enable effective grievance redress will lead to a new and world-class economic regulatory framework in the entire country.

12. Adoption of a new Charter for Economic Regulatory Framework will significantly improve India's regulatory governance, prevent suspicion of informal entrepreneurs, avoid overregulation of micro and small businesses, and enable industry to innovate, practice inclusivity and sustainability, consider workers and citizens partners in the economic production processes and progress, and turn the nation into an economic powerhouse. It will also reduce the mistrust between citizens, workers, businesses, and government and usher a new era of economic democracy.

13. Therefore, we, the undersigned signatories, appeal to the Prime Minister of India and Chief Ministers of all Indian States and UTs to adopt a new Charter for Economic Regulatory Framework for the country on the lines mentioned above. A list of public intellectuals, scholars, and experts endorsing the appeal is provided below:

Signatories to the Appeal to the PM and CMs for a New Economic Regulatory Architecture, May, 2020

S.No.	Name	Affiliation
1.	Ajay Chhibber	Former DG, Independent Evaluation Office, GOI.
2.	Ajay Shankar	Former Secretary to Govt of India
3.	Ajit Singh	Former DGP, Rajasthan
4.	Amit Kapur	Joint Managing Partner J. Sagar Associates, Advocates & Solicitors
5.	Anand P Gupta	Former Professor of Economics, IIMA
6.	Anil Gupta	Founder, Honey Bee Network, SRISTI, GIAN & NIF

7.	Anu Aga	former MP
8.	Arun Goyal	Director, Academy of Business Studies
9.	Arun K Sahni (Lt. Gen)	Former GOC in Chief, Indian Army
10.	Arun Maira	Former Member, Planning Commission
11.	Arvind Mayaram	Vice Chairman, CM's Rajasthan Economic Transformation Council
12.	Ashok Ganguly	Former MP Rajya Sabha
13.	Ashok Jhunjhunwala	Institute Professor, IIT Madras
14.	Ashok Sajjanhar	Former Ambassador to Kazakhstan, Sweden etc
15.	Bhanoji Rao	Visiting Professor, IFHE University, Hyderabad
16.	Deepak Nayyar	Emeritus Professor of Economics, Jawaharlal Nehru University, New Delhi and former Vice Chancellor, University of Delhi
17.	Gaurav Dalmia	Chairman, Dalmia Group Holdings
18.	Geeta Gouri	former Member, CCI
19.	Govinda Rao	Member, Fourteenth Finance Commission
20.	Gurcharan Das	Former CEO Procter & Gamble, India
21.	Jagat Shah	Founder & Managing Director Vibrant Markets
22.	Jayanta Roy	Senior Editor (Business), The New Indian Express
23.	K M Chandrasekhar	Chairman, Centre for Social Development
24.	Kiran Mazumdar	CMD, Biocon Limited
25.	Mohandas Pai	Chairman, Manipal Global Education Services
26.	Nitin Desai	Former USG, United Nations
27.	Nitya Nanda	Director, Council for Social Development

28.	Pradeep Apte	Professor, Gokhale Institute of Politics and Economics
29.	Pradeep Bhargava	Independent Director on Boards
30.	Pradeep S Mehta	Secretary General, CUTS International
31.	Pradeep Vasudeo Bhide	Former Secy to GOI
32.	Prakash Hebalkar	Senior Strategy and Public Policy Consultant
33.	R. Gopalakrishnan	Former Director, Tata Sons Ltd
34.	Rajat Kathuria	Director & Chief Executive, ICRIER
35.	Rajesh Tandon	Founder President PRIYA
36.	Rathin Roy	Director, NIPFP
37.	Ravi Pandit	Founder Trustee – Janwani
38.	Sabina Dewan	President & Executive Director JustJobs Network
39.	Sameer Kochhar	Chairman, SKOCH Group
40.	Santosh Mehrotra	Prof Econ JNU & Chairperson Centre for Labour Studies
41.	Shantanu Dixit	Coordinator, Prayas (Energy Group)
42.	Sheela Bhide	Former Secretary, Ministry of Defence, GOI
43.	Shivshankar Menon	Former National Security Adviser
44.	Shubhabrata Bhattacharya	Retired Editor, Political Analyst
45.	Shyam Saran	Former Foreign Secretary and Senior Fellow at the Centre for Policy Research
46.	Sidharth Birla	Chairman of Xpro India Limited
47.	Siraj Hussain	Visiting Senior Fellow, ICRIER, New Delhi
48.	SIS Ahmed	Former DG, CISF and CRPF
49.	SPS Dhillon	VSM (Indian Army Veteran)
50.	Sudipto Sarkar	Barrister, Senior Advocate

51.	Sujatha Rao	Former Union Health Secretary, GOI
52.	Suresh K Goel	Former DG ICCR and Secretary MEA
53.	Sushama Nath	ex Finance Secretary, Ministry of Finance, GOI
54.	Vijay Kelkar	Chairman, NIPFP
55.	Vinod Dhall	former Secretary, GoI and Member and actg Chairman, Competition Commission of India