Regulatory Reform and Building Governance Capacities in India

3 December 2009

15h00-18h00

Co-organised by OECD and CUTS

Taj Mahal Hotel, Mansingh Road, New Delhi, India

As highlighted in the *2007 OECD Survey of India*, badly designed and administered regulations impose major constraints to growth and productivity. The *Survey* also notes an increasing awareness and commitment to regulatory reform by many Indian policy-makers, stimulated by the growing evidence base on the highly negative effects of poor regulation. However, a critical lack of appropriate regulatory tools and approaches may well hinder their reform aspirations and efforts.

The OECD, in co-operation with CUTS International, is organising a seminar on implementing regulatory reforms in India with a focus on using e-government solutions to reduce administrative burdens. The seminar's aim is to promote an open exchange and sharing of experience about the practicalities of implementing regulatory reforms. The expected outcome of the seminar is to increased awareness and understanding of how Indian officials responsible for regulatory policy can employ a "whole of government" approach to reform regulations and to remove unnecessary burdens imposed upon business through the use of evidenced-based policy making.

It is hoped that by exposure to and detailed discussion of specific case studies of OECD countries, Indian officials will take away practical ideas for effective change strategies for regulatory reform relevant to their specific needs. The seminar will discuss how OECD practice in regulatory reform could be most appropriately tailored to India's conditions, needs and priorities.

The seminar will be divided into two sessions. The first session, **Regulatory Reform and India's Regulatory Environment,** will focus on better understanding the context and issues that influence the success of regulatory reform.

Issues for discussion:

- What are the objectives of regulatory reform?
- How does regulatory reform support the better delivery of public services?

- Which are key elements to make progress toward a comprehensive approach?

- What are recent initiatives to improve the regulatory environment

- What are the main challenges for future action?

The second session, **Identifying strategies for improving regulatory performance,** will focus on identifying the particular challenges to the delivery of quality regulatory outcomes in India.

Issues for discussion:

- What are the important elements of a systemic approach to reform?

- What strategies have proved effective in OECD?

- How do countries target reforms and ensure that all groups in society benefit from reform?

- How best to support public officials engaged in regulatory policy and reforms?

Background

In the past 20 years a key topic of public sector reform in OECD countries has been the emergence of regulatory policy. During this period, the nature of regulation has undergone profound and rapid change. It evolved from early efforts of eliminating regulation and gave way to more systemic regulatory reform, involving a mixture of de-regulation, re-regulation and improving the effectiveness of regulations. Over this period, countries also developed regulatory management systems, through which regulations are drafted, assessed, updated, implemented and enforced. Today, almost all OECD countries have established explicit institutions and tool to implement regulatory policy. As with other core government policies, such as a monetary or fiscal policy, regulatory policy is an integral role of government and is pursued on a permanent basis.

A trend toward more empirically based regulation is also underway in OECD countries. High-quality regulation is increasingly seen as that which produces the desired results as cost-effectively as possible. The widespread use of Regulatory Impact Analysis (RIA) is a clear example of the trend towards more empirically based regulation and decision-making. RIA examines and measures the likely benefits, costs and effects of new or changed regulations. It is a useful regulatory tool that provides decision-makers with valuable empirical data and a comprehensive framework in which they can assess their options and the consequences their decisions may have.

India has started initial regulatory reforms primarily by developing regulatory institutions in 1991. But the regulatory environment which has developed over a period of time does not appear to be homogeneous across sectors or across states. India continues to rank relatively low in terms of the enabling nature of its business environment and unnecessary regulatory burdens are imposed upon business and investors.