

## State of Competition and Regulation in India (ICRR Project)

### Background & Rationale

While India has embraced market-oriented economic reforms, there is, as yet, no periodic review to assess functioning of markets in the country. This is desirable given the existence of distortions in economic management of the country that impede realisation of competitive outcomes. Considering the important role of market forces in a liberalised economic regime, there is a need to do periodic assessment of competition and regulation scenario in the country. The Report on Competition and Regulation in India (ICRR), a serial biennial project, is an attempt to fill this vacuum.

The ICRR projects focus on specific economic sectors and examine the state and quality of competition and regulation. In addition, certain cross-cutting issues are also covered in the projects. The examination is supported by perception surveys of the state of competition and regulation in the economy in general and also for the sectors being covered.

The ICRR projects are supported by the Ministry of Foreign Affairs through the Royal Norwegian Embassy in New Delhi, and are implemented by CUTS Centre for Competition, Investment & Economic Regulation in association with CUTS Institute for Regulation & Competition.

#### Box 1: ICRR I to III

Till date, three ICRR reports have been published. Summary of findings of such reports are as follows.

Year	Areas covered	Outcomes
2007 <sup>1</sup>	Generic issues of competition policy and law, along with Telecommunication, Electricity, Healthcare and Education.	Highlighted the need for a National Competition Policy, which was recognised in the Eleventh Five Year Plan document.
2009 <sup>2</sup>	Power, Ports, Civil Aviation, Agricultural Markets and Higher Education.	Recognition that quality of regulation varies from sector to sector. Further, highlighted that functional and financial autonomy in regulation are lacking which needs urgent redress.
2011 <sup>3</sup>	Retail, Natural Gas, Micro Finance, Real Estate, Passenger Transport and Telecommunications. Cross-cutting issues of regulatory performance, and essential facilities doctrine.	Highlighted the need to (i) address reforms in power and coal sectors, (ii) reform regulatory governance and create Indian Regulatory Service, and (iii) implement National Competition Policy.

### ICRR - IV

The fourth cycle of ICRR was initiated in March 2013. The sectors covered in ICRR – IV along with areas of attention for each of the sectors are mentioned in Box 2.

implementation of project and provide further guidance. The perception surveys will be conducted to provide inputs for the chapters. Further, the draft chapters will be reviewed by eminent sectoral experts prior to finalisation.

### Brief Methodology

As with all the previous cycles of ICRR, the ICRR - IV project will be guided by a group of experts – the National Reference Group – which would meet regularly to assess

### Goal and Objectives

The goals of the ICRR projects are to stimulate action by governments and their agencies on regulatory reforms to improve the quality of regulation and enhance the

1 <http://www.cuts-ccier.org/icrr/icrr07.htm>  
 2 <http://www.cuts-ccier.org/icrr09/icrr09.htm>  
 3 <http://www.cuts-ccier.org/icrr2011/>

## Box 2: ICRR - IV

Sector	Areas of attention
Coal	Problems being faced by the industry qua the extreme competitive scenario and affordability.
Railways	Monopoly position enjoyed by the Indian railways and its effect on quality and affordability of rail travel.
Private healthcare	Focus on competition and regulatory aspects, with regard to consumer interests.
Financial sector	Competition, regulatory and consumer protection issues in banking, insurance and non-banking finance companies.

In addition, cross-cutting chapters on regulatory uncertainty and their impact on investments; and institution of sinecures and its impact on regulatory institutions, are part of ICRR - IV.

level of competition in select sectors of the economy through research, networking and advocacy based on research findings.

The objectives of the ICRR – IV project are:

- To review the state of regulation and competition in coal, railways, private healthcare and financial sectors
- To garner perceptions of a cross section of stakeholders regarding the state and also the general competition and regulatory climate in the economy
- To develop recommendations for improvement in the regulatory framework
- To publicise these recommendations through advocacy so as to elicit a positive and significant response from government and regulatory agencies and get a stakeholder/ public buy in

## Expected Outputs

Typically, the ICRR projects have research reports and briefing papers, as tangible outputs, amongst other project specific outputs.<sup>4</sup> It is expected that ICRR – IV will also have a research report (Competition and Regulation in India, 2013) and briefing papers in relation to the areas covered, as outputs.

## Expected Outcomes

It is expected that the ICRR – IV project would highlight various distortions in economic management of the country in the selected sectors and provide inputs to policy community as well as other stakeholders for taking necessary actions to promote well-functioning markets. More specifically, the outcomes expected are:

- Enhanced competition and contestability in markets leading to higher efficiency and productivity, especially in the covered sectors, and thereby achieving high and sustained economic growth
- Creation of an environment which would provide favourable conditions for entrepreneurial skills to flourish, generate employment opportunities and thereby enhance the inclusiveness of growth

In addition, following benefits are expected to be generated by the project that would contribute to the sustainability of project agenda and outcomes:

- Development and consolidation of a network of organisations and individuals for dealing with relevant competition and regulatory issues, in selected sectors
- Generation of awareness on the importance of well-regulated markets in achieving various policy objectives
- Capacity building

<sup>4</sup> See <http://www.cuts-ccier.org/icrr/icrr.htm> for specific outputs.

