

CIRC has been set up to offer research-based capacity building solutions to governments, regulators, private sector, civil society and students. It focuses on two principal domains: Competition Policy and Law, and Economic Regulation. It's activities are guided by a Board, which has prominent experts in these two fields, and is led by former UN Under Secretary General, Nitin Desai. CIRC Managing Committee, which provides closer guidance, is headed by Pradeep S Mehta.

# Annual Report: 2011-12

CUTS Institute for  
Regulation and Competition  
New Delhi



[www.circ.in](http://www.circ.in)

Enhancing Knowledge  
Strengthening Capacity



**Nitin Desai**  
**President, Governing Council**



CIRC was conceived and created while the Indian economy was witnessing a paradigm shift in terms of the overall economic management and more specifically regulating newly privatised industries and infusing competition in sectors, which did not have it thus far. The founders of CIRC conceived a Centre of Excellence which would carry out policy oriented research and also built stakeholders' capacity in the interface between law and economics, which is the bedrock of new-age regulation. While writing this preface to the CIRC Annual Report 2011-12, I am glad to see CIRC moving forward in this direction.

Most importantly, it is heartening to see that Team CIRC has been able to put together two long term courses on Competition Policy and Law which are first-ever on the subject in India. Alongside, a number of short term and finely designed courses have also been organised to suit to the specific training needs of variety of target groups.

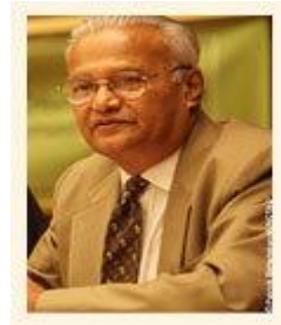
With increasing awareness about competition law and also the Government's intention to come out with a National Competition Policy, these CIRC initiatives are going to be game-changers by increasing the supply of trained professionals to all those who need it – the enforcement agencies, the industry, the academia, and so on.

In March 2012, there has been a change of guard at the Board of CIRC. I wish to place on record our sincere appreciation to the outgoing President, Dr C Rangarajan and some GC members, who supported and guided the activities of the Institute for last four years. Dr Rangarajan will continue on the CIRC Board as President Emeritus. I also welcome Prof. Bibek Debroy, who has also joined the Board.

In months to come, I am confident that CIRC would build on the ground work done so far and continue to identify capacity building needs of relevant stakeholder groups and respond to these sharply.

**Nitin Desai**

**Pradeep S Mehta**  
**Chairman, Managing Committee**



It is often said that a regulatory system is as strong as the quality of personnel running it<sup>1</sup>. After the creation of economic regulators such as CCI, TRAI, PNGRB, AERA, etc in India, an often-raised concern has been that without trained professionals the change in regulatory paradigm may not deliver the welfare outcomes, as originally envisaged. Without delving into other critical factors which affect quality of regulation, I want to underscore that availability of trained professionals can hugely change the regulatory process, and thus the outcomes. CIRC was created in response to this demand, as a unique centre where law and economics could converge.

After its operationalization, the Institute has grown from strength to strength. Increasing number of long and short term courses offered by CIRC adequately demonstrate it. I wish to commend the hard work and dedication of CIRC staff, which is behind novel and unique long-term courses on Competition Policy and Law. These Courses have been launched by CIRC in partnership with the National Law University Delhi.

Another important development has been CIRC's active participation in the policy discourse. The Institute has been represented in important Committees relating to National Competition Policy and Business Regulation. The Institute has made cerebral contribution in the work of the High Level Committee on National Competition Policy. Similarly, important contribution was made by the Institute in two Task Forces (relating to National Competition Policy and Business Regulation) at the Planning Commission.

Looking at the future, an important aspect of CIRC work agenda is going to be to: (a) increase the number of both long and short-term courses, (b) increase the geographic outreach of CIRC to other developing economies particularly in South East Asia and Africa, where a lot of capacity building is needed in the areas of Competition Policy and Law and Economic Regulation, and c) improve the discourse on the interstice of law and economics in the country, where there is a vacuum.

---

<sup>1</sup> Other factors being independence/ autonomy, accountability and transparency.

In due course, more long-term courses are scheduled to be launched by CIRC in areas such as Economics for Competition Law and Public Private Partnerships. Also, more tailored short-term courses are going to be offered by CIRC to meet the specific capacity building needs of regulators, business executives, lawyers, economists, researchers and so on. Research will also be done continuously on issues surrounding the interface of law and economics.

The above short narrative indicates that CIRC has expanded its operations significantly over past three years. Dr. Navneet Sharma, Director has successfully built a strong team of researchers and administrative staff, and developed effective partnership with various institutions.

A reconstitution of the Governing Council of CIRC has taken place this year. We now have a new President in Nitin Desai and Vice President, Vikram S. Mehta. The Board will have benefit of the presence of the outgoing President, Dr C. Rangarajan, who will now assume the position of President Emeritus. The Board has been further enriched by presence of noted economist Bibek Debroy, while efforts will continue to invite scholars in the Board.

It is a long journey which has just begun and I wish power to CIRC Team's elbows.

**Pradeep S Mehta**

## Director's Report

CIRC has just finished a year which was full of activities and rewarding. In the year 2011-12, we organised about – five events, rolled out two long-term courses on competition policy and law, a few short-term courses and six research projects. We look at the year as rewarding because our clients saw merits in our activities and found them useful. I am happy to report that the Institute, akin to a baby, has taken firm steps forward.

Our research activities this year have been focussed on three main areas: (a) State of Competition & Regulation – 3<sup>rd</sup> India Competition and Regulation Report and sectoral studies from competition policy perspectives (b) Business Regulation, and (c) Public Procurement. We hope to use this work as building blocks and come out with research-based capacity building products.

This year we have been able to register considerable progress in terms of courses within the domain of competition policy and law. I am very happy to report that as this Report is being drafted, we have concluded the first in-take into our Certificate and Diploma Courses on Competition Policy and Law with 45 participants from diverse background representing working business executives, in-house counsels, budding lawyers and economists. In future, we are going to expand into new substantive areas such as infrastructure regulation, application of economics in regulation and competition, etc. The Institute has drawn a training calendar for the coming year which I hope will put us on a high trajectory.

One of the high points has been this year's Academic Lecture by Prof. Ben Edelman of Harvard Business School. The lecture, 10<sup>th</sup> in the series of academic lectures, along with research and other events show that CIRC has been able to engage in research on a futuristic industry i.e. on-line markets. Online Markets have already assumed great significance for Indian consumers and throw up very new questions relating to the state of competition and approach to regulation of these markets.

In middle of the year, we also held a one day Retreat where we brainstormed on the current course of action and how we could chart our path in future. Mr. Nitin Desai and Mr. Pradeep Mehta's participation in the retreat made it a very useful experience.

Tremendous amount of brainstorming, rigorous planning and meticulous execution has gone into all our activities, for which the Team CIRC deserves compliments. It has been a true team effort by knowledge and process teams which worked in tandem to achieve



these results. I also wish to place on record our sincere thanks and appreciation to external resource persons who have guided and worked with us on various research reports and modules of CIRC courses. At different points in time, we received help from staff members of CUTS International, such as Bipul Chatterjee, Rajeev Mathur, Udai Mehta and Arun Talwar which is gratefully acknowledged.

The achievements would not have been possible without faith and support of our partners and funders, particularly, National Law University Delhi, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Ministry of Consumer Affairs, Indian Council for Social Sciences Research (ICSSR), Indian Institute for Corporate Affairs (IICA), Ministry of Corporate Affairs, Govt. of India and CUTS International.

A new Governing Council has come into place from March, 2012. I sincerely thank the members for their advice and guidance during the past years that I have been here. The President, Governing Council, Chairman, Managing Committee and Members of the Board continue to be a great source of strength and counsel, and I thank them for taking deep interest and finding time for CIRC.

**Navneet Sharma**

## ANNUAL REPORT 2011-12

The year has witnessed CIRC achieving a steady progress. The Institute has moved forward to achieve the objectives envisaged by the founding members and the individuals and institutions, who felt the need of a dedicated Institute to carry out research-based capacity building activities in the area of competition and regulation, and provided financial support. Since its operationalization in 2009, CIRC has been making efforts to come out with innovative capacity building efforts, this year marks a positive turning point. Following are the main activities and achievements of CIRC:

### A. Institutional Partnership

**Partnership with National Law University Delhi (NLUD):** CIRC has signed a Memorandum of Understanding with NLUD to foster research, jointly offer long and short term courses, faculty exchange, etc. The framework MoU was signed in September 2011.

### B. Long and Short-term Capacity Building Courses

1. **First ever long-term courses on Competition Policy and Law:** CIRC and NLUD jointly rolled out India's first ever long term Courses on Competition Policy and Law in January, 2012. The Courses, a six-months Certificate and a one-year Diploma, have been received well by the professional community. Since their launch, in the first intake, 45 candidates have been admitted to these two Courses. These week-end Courses are expected to fill the skill-gap in the evolving competition regime of India. It is relevant to note that after the full operationalization of the Competition Act 2002 and the forthcoming National Competition Policy, Governments and private sector would require a large number of trained professionals, which this initiative of CIRC would serve.

It is pertinent to mention that CIRC intends to launch two more courses in 2012-13, namely, Certificate Course on Law & Economics of Public Private Partnerships (PPPs) and Economics for Competition Law. These would also be first of their kind Courses in India. In 2012-13, an Executive Education

### Highlights of CIRC Achievements in 2011-12

- **Institutional partnership with National Law University Delhi**
- **Certificate & Diploma Courses on Competition Policy and Law**
- **Competition Law Workshop for Public Sector Enterprises**
- **India Competition and Regulation Report 2011**
- **Sector Studies on Competition Policy**
- **Research Study on Public Procurement**
- **Knowledge Database for Training of Consumer Advisors**
- **Policy Engagements with the Planning Commission and Ministry of Corporate Affairs, Government of India**
- **Conference on Building Friends of Competition in India**
- **Seminar on Regulating Online Markets in India**
- **Seminar on SME Vulnerability and Resilience in the Online Economy**
- **10<sup>th</sup> Academic Lecture by Prof. Ben Edelman, Harvard Business School**

Calendar comprising nine sector-specific or target audience oriented short term courses have also been drawn up.



2. **Competition Law Workshop for Public Sector Enterprises (PSEs):** CIRC organised a one-day Training Workshop for senior officials from Public Sector Enterprises. A specially tailored one-day course was offered to suit specific needs of PSE officials and provided them insights relating to their peculiar competition issues. The Workshop was received well by the 19 officers who attended it. (May 2011)

### C. Research

1. **India Competition and Regulation Report 2011:** CIRC in association with CUTS Centre for Competition Investment and Economic Regulation (CUTS CCIER) and the Norwegian School of Management (BI), Oslo is implementing a project to assess the importance and effectiveness of regulatory institutions, and generate awareness among consumers and other stakeholder groups about the need for and status of regulation and competition in India. This ongoing Project is the third in the series of biennial reports. The Project is being supported by the Norwegian Ministry of Foreign Affairs, Oslo. As part of the Project, Research has been carried out to evaluate and improve the quality of regulation and competition in six emerging sectors- retail distribution, natural gas, micro finance, telecommunications, residential real estate and road transport. (*likely to be concluded by December 2012*)
2. Project on Business Regulation and Corporate Conduct: CIRC in assisting CUTS Centre for Competition Investment and Economic Regulation (CUTS CCIER) in this project which envisages to map the inter-linkages between corporate conduct

and business regulation. This is an emerging area and the outcomes of the project are aimed at informing the business regulatory discourse in India. The Project is being supported by the Norwegian Ministry of Foreign Affairs, Oslo. (*likely to be concluded by December 2012*)

3. **Sector Studies on Competition Policy:** CIRC assisted the Indian Institute of Corporate Affairs (IICA) under the Ministry of Corporate Affairs, Government of India, in 13 sector studies through various subject experts. A competition assessment tool kit was also drafted as part of the project. CIRC is also drafting a synthesis report which shall capture the findings from sector studies and present a competition policy agenda for the Government. (*likely to be concluded by May 2012*)
4. **Research Study on Public Procurement:** CIRC is undertaking a study on competition and regulatory issues which adversely affect efficiency and effectiveness of public procurement in health and primary education sectors. The study covers procurements by the Government of India and Government of Rajasthan. As part of the study, the tendering process and related competition distortions have been mapped in the focus sectors. Importantly, both the sectors have a high social welfare quotient and affect human development very significantly. It is aimed that, given the limited budgetary allocations, infusing competition in government procurement in these two sectors can yield greater public welfare. The study will make recommendations on ways to infuse competition in public procurement in these two sectors. The study is supported by Indian Council for Social Sciences Research (ICSSR). (*likely to be concluded by May 2012*)
5. **Knowledge database for training of consumer advisors:** CIRC prepared a knowledge database for training of consumer advisors with the support of GIZ and Ministry of Consumer Affairs, Government of India. The database was revised and updated to reflect the experience gathered by consumer advisors in 2010-11. (*concluded in July 2011*)
6. **Study on Consumer Perception of Online Search:** CIRC carried out a primary survey to map consumer perception of online search. The primary survey was carried out in three cities of India – New Delhi, Mumbai and Jaipur. The Survey threw light on consumers' internet preferences, users behaviour and perception about paid and natural results, ability to distinguish between ads and natural search results, users click preferences and how useful do they find search results. The findings of the survey were presented in a public event. (*November, 2011*)

#### **D. Policy Engagements**

CIRC actively participated in policy discourse as well. CIRC was represented in the (a) Planning Commission Task Force on National Competition Policy (b) Planning Commission Task Force on Business Regulation and (c) Ministry of Corporate

Affairs' Committee on National Competition Policy. The Planning Commission Task Forces were set up in the context of 12<sup>th</sup> Plan of India whereas the Committee on National Competition Policy was set up by the Ministry of Corporate Affairs to draft the National Competition Policy. Mr Pradeep S Mehta, Chairman Managing Committee chaired the Planning Commission Task Force on National Competition Policy and was also a member of the Committee on National Competition Policy. Dr Navneet Sharma, Director, CIRC was a member of these Groups.

## E. Conferences and Outreach Events

1. **Conference on Building Friends of Competition in India:** CIRC in partnership with Indian Institute of Corporate Affairs, organised a Conference on the subject. The Conference underlined the need for greater awareness generation in the field of Competition Policy and Law and facilitated deliberations on creating a network amongst six constituencies or friends of competition – academia and think-tanks, consumer groups, businesses, legal society, media and parliamentarians. The Conference also deliberated on the importance of inclusion of State and sub-state agencies in the competition policy and law fold. The Conference was inaugurated by Dr. M Veerappa Moily, Hon'ble Minister for Corporate Affairs and was attended by many international and national experts. (November, 2011)



2. **Seminar on Regulating On-line Markets in India:** CIRC organised a Seminar on Regulating On-line Markets in India at New Delhi. The Seminar was organised to share the findings of the pioneering study conducted by CIRC on user perceptions about search engines and search results. While a lot of research has been done on user perception about on-line search in Europe and the US, the CIRC study brought out a data driven India perspective about internet search. (November, 2011)



3. **Seminar on SME Vulnerability and Resilience in the Online Economy:** An event on SME Vulnerability and Resilience in the Online Economy was organised by CIRC in Mumbai. The Seminar raised a fundamental sentiment that small and medium enterprises (SMEs) need a whole lot of transparency in the on-line domain to grow their businesses predictively. Domain experts, industry leaders and legal experts delved into technical, economic and legal issues affecting SMEs in on-line space. (November, 2011)
  
4. **Launch of Certificate and Diploma Courses on Competition Policy and Law:** National Law University Delhi and CIRC jointly held a launch event and panel discussion to mark the announcement of India's first ever courses on Competition Policy and Law. (December, 2011)
  
5. **10<sup>th</sup> Academic Lecture by Prof. Ben Edelman, Harvard Business School:** The 10<sup>th</sup> Academic Lecture was hosted by CIRC on "Future of Online Markets in India" at New Delhi. Prof. Ben Edelman of Harvard Business School delivered the lecture and presented global perspectives relating to competition and regulatory issues which affect the dynamic online markets. In the Indian context, he discussed how conduct of dominant entities can adversely affect the online business eco-system. (January, 2012)



## F. Publications:

CIRC brought out a new publication in the year called “**RegTracker**”. CIRC RegTracker is a bi-monthly publication which tracks policy changes and proposals on economic regulation in the country. It provides quick analysis as points to ponder and deeper analysis by policy makers and researchers.

To update various relevant groups of people about its own activities, CIRC brings out a newsletter called “**CIRCular**”

**CUTS Institute for Regulation and Competition**

R-75, 1st Floor, Greater Kailash – I, New Delhi – 110048 India

T: +91 – 11 – 26463021 – 23 ■ F: +91 – 11 – 40535921 ■ E: circ@circ.in ■ W: www.circ.in