

# Regulatory reforms in India

effectiveness,  
efficiency, and  
impacts

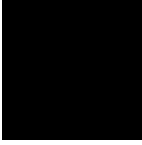
Manisha Kabra  
Anjali Garg  
Rakesh Kacker



The Energy and Resources Institute



United Nations Development Programme



# Foreword

This publication has considerable significance in view of the major policy initiatives and programmes undertaken by the Government of India in pursuing economic reforms, particularly in the infrastructure sectors of the economy. One important component of the reforms process has been the establishment of regulatory bodies not only at the central level but in several states of the country. This innovation has to be seen against the historical background of most infrastructure activities in India being dominated by the public sector and an overlap between policy as well as regulatory functions performed in the past by the central and state governments. As a result, activities were controlled and services were provided in these sectors essentially by state monopolies, and in the absence of competition and effective regulation, consumer interests often suffered on a progressive basis.

One important objective of economic reforms currently in hand throughout India is to provide a policy and institutional framework whereby investments by the private sector, infusion of new technology, and much better customer orientation are brought about in the supply of services by the major infrastructure enterprises in the country. Given the traditional argument of 'natural monopolies' that dominated thinking in the establishment of electricity supply, telephone services, and several other basic activities, not only is there a need to radically alter existing mindsets, but also the country is generally faced

with very limited experience and capacity within the private sector to move quickly ahead for investing in these sectors. Consequently, regulators need to look at market realities and an evaluation of conditions by which the private sector can be drawn into infrastructure industries, while at the same time, upholding the best interests of the consumer.

This Government of India/United Nations Development Programme-funded programme, which has been carried out by TERI through the dedicated involvement of a very competent team at the Institute, has analysed all the complexities in bringing about regulatory reforms, the creation of regulatory institutions and the nexus between appropriate policies and effective regulation. Based on the analysis presented, and some of the conclusions drawn from this study, governments, both at the centre and the states, would certainly arrive at a much better and deeper understanding of the process of regulatory reforms on which depends much of the country's economic future and the welfare of its citizens.



R K Pachauri  
Director-General, TERI, New Delhi