



## WEBINAR REPORT ON

# Regulatory Impact Assessment : Introduction in India & Way Forward

April 14, 2023 | 11:00 AM Onwards (IST)



### Organised by:

Forum of Indian Regulators (FOIR) Centre,  
Indian Institute of Corporate Affairs (IICA)

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# Plenary Speaker



**Mr Anirudh Burman**

*Associate Research Director and Fellow  
Carnegie India*

Mr Anirudh Burman is an Associate Research Director and Fellow at Carnegie India. He works on key issues relating to public institutions, public administration, the administrative and regulatory state, and state capacity. He has also worked extensively on financial regulation and regulatory governance.

He has published works related to parliamentary oversight in India, the freedom of movement and residence, measuring the responsiveness of independent regulators in India, the design of insolvency professionals as a regulated profession, and the right to information. Mr Anirudh's current research interests focus on property rights and land markets, particularly the regulatory framework affecting land rights and land titles, the relationship between tenure security and land transactions, and public administration issues in land markets in India. In addition, he also focuses on studying the working of the administrative state in India.

Before joining Carnegie India, Mr Anirudh was a Legal Consultant with the National Institute of Public Finance and Policy in New Delhi where he worked on research related to land titling reforms in India, state capacity issues in land records maintenance, and financial and regulatory reform. Additionally, he assisted in the drafting of the Insolvency and Bankruptcy Act of 2016 (focus on regulatory governance and regulation of market infrastructure), among other key responsibilities.

In the past, he has worked for the Center for Policy Research in New Delhi, Amarchand Mangaldas in Mumbai, and PRS Legislative Research in New Delhi. He graduated from Harvard Law School in 2012 with Master's in Law.

# Convenor & Moderator



**Prof (Dr) Naveen Sirohi**

*Director, FOIR Centre &*

*Founding Head, School of Finance,*

*Indian Institute of Corporate Affairs (IICA)*

Prof (Dr) Naveen Sirohi is the Director of the Forum of Indian Regulators (FOIR) Centre at the Indian Institute of Corporate Affairs (IICA) which is the knowledge, research and capacity-building hub for the Central and State Government regulators in India. Prof Sirohi is also the Founding Head of the School of Finance at IICA, a think tank of the Government of India.

A former banker-turned-academician-cum-administrator, Prof Sirohi possess a unique blend of 20+ years of experience across corporate, academia and government/regulatory space enabling him to develop holistic view on policy issues considering multi-stakeholder perspectives.

He is also providing support to various priority initiatives of the Government of India like financial reporting, financial inclusion and financial literacy working closely with concerned government bodies/departments like Investor Education and Protection Fund Authority (IEPFA), India Post Payments Bank (IPPB) and National Financial Reporting Authority (NFRA). He contributed inputs in the Economic Survey 2021-22.

In the past, he also handled the additional charge of the Chief Financial Officer (CFO) at IICA. He is a visiting faculty in various reputed institutions, universities, and central and state training academies. Academically, Dr Sirohi holds post-graduate and PhD degrees in commerce with a first-class academic record.

# Participants Profile

Officials from regulatory bodies across India, researchers, & FOIR Member Organization's representatives facilitated the session with their kind presence.

65 participants attended the webinar.



# Program Outline

The Forum of Indian Regulators (FOIR) Centre, IICA organized the quarterly webinar of FOIR titled "Regulatory Impact Assessment (RIA) - Introduction in India & Way Forward" on April 14, 2023.

The webinar aimed to explore the potential of Regulatory Impact Assessment (RIA) in India, providing participants with a platform to exchange ideas and opinions on RIA. The primary focus was to discuss the effective adoption of RIA in India, addressing implementation challenges in the Indian context, particularly related to data availability and validation. The webinar aimed to highlight the transformative role that RIA can play in the Indian regulatory ecosystem.



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**FOIR WEBINAR ON  
REGULATORY IMPACT ASSESSMENT  
INTRODUCTION IN INDIA & WAY FORWARD**

FRIDAY, APRIL 14TH, 2023 | 11:00 AM IST






Prof (Dr) Naveen Sirohi, Director, FOIR Centre



Mr Anirudh Burman, Carnegie India (Speaker)



Dr V K Garg, Ex- Chairperson, JERC Goa



Mr M K Goel, Ex- Chairperson, JERC Goa



Mr P Rajagopal Reddy, Member, APERC



Mr R N Sen, Ex Chairperson, WBERC



Mr Antaryami Sahoo, Secretary, OERC



Ms. Ankita Tiwari, Fellow, FOIR Centre



Mr Avانش Ranjan, Consultant, FOIR Centre

# Introduction to the Webinar

The webinar began with a welcome note by **Dr Naveen Sirohi** (*Director, FOIR Centre, IICA & Founding Head, School of Finance*). He began by giving a brief introduction about the relevance of the topic highlighting that regulations have several intended and unintended impacts on a diverse set of stakeholders. Despite having widespread impacts, regulations may not always achieve their intended objectives. Thus, it is crucial to estimate the potential impacts of regulatory proposals and adopt such a proposal that is most likely to achieve the objectives where Regulatory Impact Assessment (RIA) helps in doing so.

In India, over time, a few expert bodies have recommended RIA. These include the Working Group on Business Regulatory Framework (erstwhile Planning Commission, 2011), the Financial Sector Legislative Reforms Commission (Department of Economic Affairs, 2013), the Committee for Reforming the Regulatory Environment for Doing Business in India (Ministry of Corporate Affairs, 2013), Tax Administration and Reforms Commission (Department of Revenue, 2015), and the Expert Committee on Prior Permissions and Regulatory Mechanism (Department of Industrial Policy and Promotion, 2016).

More recently, the Insolvency and Bankruptcy Board of India (IBBI) has proposed to incorporate impact assessment in the regulation-making process. Regulators, such as the Telecom Regulatory Authority of India (TRAI) have developed a reasonably robust public consultation process, which comprises seeking comments and counter comments from the public. In addition, the erstwhile Planning Commission had initiated a discussion on the Draft (Infrastructure) Regulatory Reform Bill, which was expected to provide a process of regulation-making for infrastructure regulations. After the dissolution of the Planning Commission, the process was taken over by the NITI Aayog. It was suggested that RIA should be incorporated into the proposed regulation-making process.

Therefore, to reach a sustainable level of RIA quality, India needs a clear strategy to institutionalize RIA capacities and incentives within the government machinery.

# Lead Talk

Mr Anirudh started the webinar by elaborating on the meaning of Regulatory Impact Assessment (RIA) as a process used by government agencies to evaluate the potential effects of new regulations or changes to existing regulations. RIA is designed to assess the costs and benefits of alternative regulatory options, as well as the potential impacts on businesses, individuals, and society as a whole. He added that the purpose of RIA is to ensure that government regulations are effective and efficient while minimizing negative impacts on the economy, public health, and the environment.

The speaker highlighted that RIA can be adopted by posing the following questions:

1. What is the problem to be addressed?
2. What is the specific policy objective to be achieved? and
3. What are the different ways of achieving it?

Post elucidating the meaning and purpose of RIA, the speaker moved to the decision-making process in RIA and mentioned the following 5 steps:

1. Step 1: Identify the problem, and objective for regulation
2. Step 2: Identifying alternative regulatory options for achieving the objectives
3. Step 3: Identifying the methods and criteria to be used to compare the options
4. Step 4: Analysis of these options
5. Step 5: Choosing among options

This process helps in analyzing, questioning, and understanding the real-world impacts of the regulation and its effects on the stakeholders. It forces regulators and government agencies to think over the consequences of their regulations and understand the best possible way to solve future issues.

Taking forward the discussion, Mr Anirudh explained the two methods of conducting Regulatory Impact Assessment (RIA): the monetary method and the non-monetary method.

In the monetary method, several approaches can be observed, including:

- Financial analysis: This approach involves assessing the financial costs and revenues associated with alternative regulatory options. It focuses on analyzing the potential financial implications for the decision-making body.
- Cost-effectiveness analysis: This approach evaluates the costs of different regulatory options that can achieve the same objective. It aims to identify the most cost-effective approach among the alternatives.
- Cost-benefit analysis: This approach involves assessing both the costs and benefits of alternative regulatory options. It seeks to assign monetary values to the expected impacts of each option. Cost-benefit analysis relies on well-developed economic theories of valuation to quantify the benefits in monetary terms.



These approaches within the monetary method allow decision-makers to quantify the financial implications and potential benefits of regulatory options, aiding in informed decision-making processes.

Following the discussion on the monetary method, Mr Anirudh proceeded to highlight the non-monetary method of Regulatory Impact Assessment (RIA), which involves Multi-Criteria Analysis (MCA). MCA establishes preferences between alternative options based on a predefined set of objectives identified by the decision-making body. He provided an example of transport investment schemes in the UK, where MCA was used to assess the environmental consequences. He emphasized that MCA relies on the judgment of the decision-making team in defining objectives and criteria.

Furthermore, Mr Anirudh explained that MCA involves a performance matrix, where different policy or regulatory options are evaluated against the same criteria. He discussed various types of MCA and how they treat the information in the matrix:

- Direct analysis of the matrix: In this approach, the matrix is directly analyzed, and options are compared based on the values within the matrix
- Multi-Attribute Utility Theory: This method calculates the maximum subjective utility value, considering the scores and weights assigned to each criterion
- Linear Additive Models: This approach involves multiplying the value score of each criterion by its weight and summing up the weighted scores
- Analytic Hierarchy Process: This method develops a linear additive model. It uses pairwise comparisons between criteria and options to derive the weights and scores.

Mr Anirudh then outlined the steps involved in conducting a multi-criteria analysis:

- Establish the decision context, including the aims of the MCA and identifying the decision-makers
- Identify the options to be evaluated
- Define the objectives and criteria that reflect the value associated with the consequences of each option
- Describe the expected performance of each option against the criteria and, if applicable, assign scores to assess the value associated with the consequences
- Assign weights to each criterion to reflect its relative importance in the decision
- Combine the weights and scores for each option to derive an overall value
- Examine the results and consider the implications for decision-making.

By following these steps, decision-makers can systematically evaluate options and make informed choices based on the criteria and objectives established during the MCA process.

Subsequently, Mr Anirudh shared his ongoing research on data localization. He explained that data localization refers to a regulatory requirement that impedes the free flow of data across jurisdictions. He emphasized the importance of data localization as a means to ensure that India can fully benefit from its data and exercise jurisdiction over Indian data, which is currently beyond its reach.

Mr Anirudh stated that they conducted a Multi-Criteria Analysis using the Analytic Hierarchy Process to assess whether data localization would be beneficial for India. They identified data localization as a means to secure faster and better access to personal data, support law enforcement efforts, and foster economic growth.

Finally, the speaker outlined the summary procedure for data localization with the following points:

- Clearly define the relevant independent variables, which represent the Indian government's desired objectives in pursuing data localization
- Clearly define the range of relevant dependent variables, in this case, the different data localization measures that the Indian government could adopt
- Identify clear and objective criteria for evaluating the relative merits of India's various localization options
- Design a suitable scale to measure the criteria aligned with the goals and appropriately weigh them to enable comparison between different localization policy variants on a standardized scale
- Set the baseline scenario based on the current status quo and state the operative hypothesis of the study
- Assign policy option's scores for each defined criterion by assigning a value from the ten-point and properly weighting its value
- Tabulate the total scores for each policy option, indicating their performance against the defined criteria.

By following this procedure, researchers can systematically evaluate different data localization options, considering various criteria and their relative importance, to make informed assessments and comparisons between the policy alternatives.

## Question/Answer Round

During the question and answer session, a participant raised the question of whether there had been any validation of the scores after a decision had been made for a particular option. Mr Anirudh responded by stating that there was no objective way to validate the findings. However, he had shared his findings with tech companies and other government agencies for further analysis and feedback.

Another participant highlighted the challenge of obtaining accurate and reliable data on the costs and benefits of proposed regulations. In response, Mr Anirudh acknowledged the data collection issue and suggested one possible solution. He mentioned that one way to address this challenge is to conduct ex-post-regulatory impact assessments, which involve utilizing information from existing regulations in future regulation-making processes. This approach can help gather valuable insights and data for improving the accuracy and reliability of assessments in the future.

# Vote of Thanks

The webinar ended with a vote of thanks by Prof Naveen Sirohi. He thanked the esteemed speaker and participants for sharing their knowledge and their experiences.

The efforts of FOIR and IICA for the conference were much appreciated by the speaker and the participants.

## **For Queries and Feedback:**

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