REGULATORY DIGEST

JULY - SEPTEMBER, 2023

INSIDE THE ISSUE:

Message from Chairperson, PNGRB

सत्यमेव जयते

डॉ. अनिल कुमार जैन
Dr. ANIL KUMAR JAIN
अध्यक्ष
Chairperson

PNGRB
पेट्रोलियम एवं प्राकृतिक गैस विनियामक बोर्ड
Petroleum and Natural Gas Regulatory Board
प्रथम तल, वर्ल्ड ट्रेड सेंटर, बाबर रोड, नई दिल्ली-110001
1st Floor, World Trade Centre, Babar Road, New Delhi-110001
Tel.: 011-23709137, 23709152, E-mail: chmn-pngrb@nic.in

MESSAGE

Greetings to all the readers!!

I am delighted to address you through the July - September (2023-24) edition of the Quarterly eNewsletter of Forum of Indian Regulators (FOIR), a platform that allows us to stay connected, share updates, and celebrate our collective achievements.

First and foremost, I want to extend my heartfelt gratitude to the FOIR for their unwavering commitment to our mission of fostering collaboration, coordination, and knowledge exchange among member regulatory bodies. It is through our collective efforts that we can create a robust regulatory ecosystem for the benefit of our nation's economy and society as a whole.

I advocate that in today's world, effective regulation necessitates a broader perspective that goes beyond national boundaries. This is essential to effectively manage the fast-paced economic integration and interconnectedness driven by advancements in technology and global challenges like the Covid-19 pandemic and climate change. Consequently, to successfully meet public policy goals and safeguard the welfare of all individuals, it is imperative to shift our approach towards regulatory frameworks, placing greater emphasis on the global context.

The past quarter has been filled with remarkable milestones and noteworthy achievements. FOIR webinars, KYR series, and capacity-building programs have continued to provide valuable insights and enhance the expertise of our members. I extend my deepest appreciation to the FOIR Center at IICA for organizing events.

During this quarter, they have successfully conducted the Colloquium for Chairpersons' of Central Sector Regulators, with the aim of addressing the complex interdependencies and interconnectedness between different sectors. Their hard work and commitment are instrumental in making our initiatives successful. I look forward to the continued collaboration and progress that we will achieve together.

Best regards,

Dr Anil Kumar Jain

From the Editor's Desk

Dear readers,

Following the resounding success of the G20 summit in India, held under the theme "**Vasudhaiva Kutumbakam – One Earth · One Family · One Future,**" we, The Forum of Indian Regulators family, wholeheartedly embrace the ideals outlined in the G20 preamble for shaping the regulatory ecosystem in India.

In line with this commitment, I am delighted to introduce the July-September (2023-24) edition of the Quarterly e-Newsletter. Our dedication to providing the most relevant and compelling information remains steadfast, and it is your active involvement that continues to inspire us to strive for excellence. Within this edition, we have curated a diverse selection of regulatory news and events, thoughtfully tailored to the varied interests of our esteemed readers.

The FOIR members' updates include CERC's approval for the introduction of high-price contracts, the conduct of the first-ever Global Food Regulators Summit (GFRS) 2023 by FSSAI, IBBI's Insolvency Professionals' Conclave in association with National E-Governance Services Limited (NeSL), PNGRB's partnership with World Bank to chalk out a roadmap for Hydrogen Blending in Natural Gas, CCI's approval for merger of Air India-Vistara etc.

Internationally, this edition includes India's objective to trade electricity with Southeast Asia, the Canada Banking Regulator's step towards change in capital adequacy guidelines, the Financial Stability Board's (FSB) toolkit proposal to ensure Third-Party Risk management, the launch of consultation on revisions to the core principles for effective banking supervision by Basel Committee on Banking Supervision (BCBS), Indonesia's state utility Perusahaan Listrik Negara (PLN) plan to build 32 GW renewable energy capacity etc.

During this quarter, the FOIR Centre at IICA organized the Colloquium for Chairpersons of the Central Sector Regulators on the theme **"Cross-Sectoral Collaboration: The Imperative for Regulatory Convergence",** emphasizing the critical importance of collaborative efforts and regulatory convergence in our ever-evolving regulatory landscape.

Thank you for your ongoing support, and we look forward to your thoughts on this edition.

Prof Naveen Sirohi

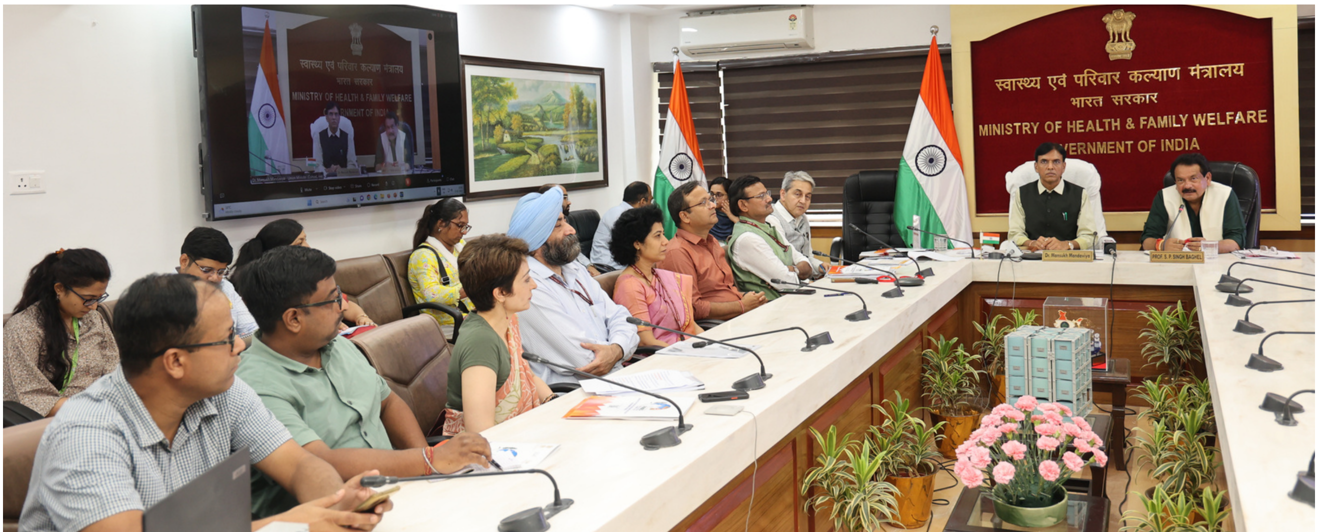
Prof (Dr) Naveen Sirohi
Director, FOIR Centre and
Founding Head, School of Finance
Indian Institute of Corporate Affairs

Regulatory News & Trends - FOIR Members

Food Safety and Standards Authority of India (FSSAI) organized the Global Food Regulators Summit (GFRS) 2023

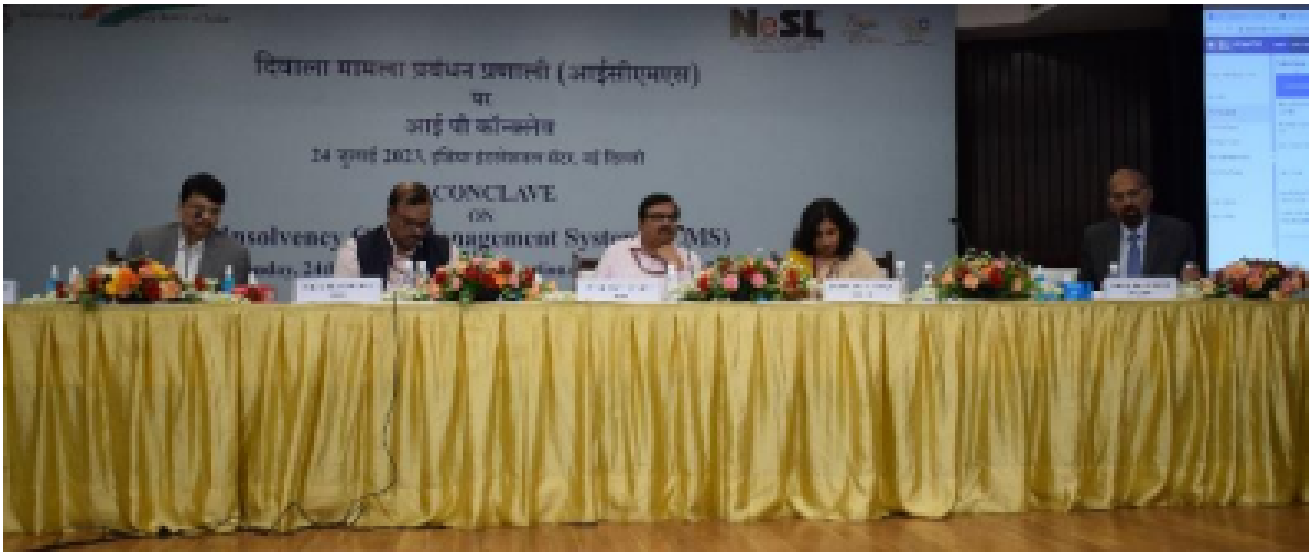
The first-ever Global Food Regulators Summit (GFRS) 2023 has paved the way for a more robust food safety and regulatory ecosystem. The summit brought together food regulators from around the world to exchange perspectives and knowledge on crucial issues related to food safety systems. **Dr Mansukh Mandaviya** *(Hon'ble Union Minister for Health and Family Welfare)* inaugurated the summit on July 20, 2023, which concluded on July 21, 2023.

The topics for discussion were **'Global Regulatory Framework'**, **'Anti-Microbial Resistance (AMR): Challenges and Solutions'**, **'Contaminants and Residues - Risk Mitigation - Regulatory Intervention'**, **'Impact of Animal Feed on Food Safety and Human Health'** etc. The discussion and outcomes of the sessions laid a strong foundation for collective action in tackling regulatory challenges and ensuring the well-being of consumers worldwide.
[Read More]



The Insolvency and Bankruptcy Board of India (IBBI) organized an Insolvency Professionals' Conclave with National E-Governance Services Limited (NeSL)

The IBBI in association with NeSL organised a Conclave of Insolvency Professionals (IPs) on July 24, 2023 at India International Centre, New Delhi. The theme of the Conclave was **'Insolvency Case Management System' (ICMS)**. The NeSL (India's first Information Utility (IU) registered with the Board) gave a presentation on the theme which was followed by a demonstration on their Platform for Distressed Assets (PDAs). NeSL apprised that it has developed a unique technology tool ICMS that assist IPs in seamlessly executing all Corporate Insolvency Resolution Process (CIRP) and liquidation process-related tasks in a time-bound manner. The IPs in the interactive session discussed their experience of using the ICMS, difficulties in adoption of ICMS and feedback on ICMS.
[Read More]



Hindustan Power Exchange (HPX) gets Central Electricity Regulatory Commission's (CERC) approval for High-Price Contracts in 3 Key Markets

The CERC is making continued efforts to enhance market dynamics, deepen the market, and provide more opportunities for members to manage their risk and optimize their energy portfolios. As a reflection of its efforts, CERC on July 27, 2023 gave approval to HPX for the introduction of high-price contracts in three key markets: High Price Day Ahead Market (HP-DAM), High Price Term Ahead Market (HP-TAM), and High Price Contingency Contracts. **Mr Naveen Singh** *(Vice President & Head, Business Development, HPX)* stated that "with these new segments, the generators can plan their power sale to interested buyers for up to 90 days, giving HP generators sufficient clarity to plan their fuel procurement, logistics, etc"
[Read More]

Petroleum and Natural Gas Regulatory Board (PNGRB) partnered with World Bank to chalk out a Roadmap for Hydrogen Blending in Natural Gas

The PNGRB has collaborated with the World Bank to prepare a roadmap for hydrogen blending in natural gas and their transmission through gas pipelines in the country. On August 4, 2023 PNGRB official stated that the regulatory frameworks will be amended to help achieve the national target of 5 million metric tonnes per annum of hydrogen consumption by 2030.

The PNGRB and World Bank together conducted a study for mapping demand and supply of hydrogen, technical assessment of the existing pipeline network for its compatibility, commercial assessment of pipeline sector, identifying bottlenecks in policy and regulatory framework, and framing of roadmap till 2040 for expeditious implementation of hydrogen blending in India.
Read More

Telecom Regulatory Authority of India (TRAI) proposed to use Artificial Intelligence (AI) to Monitor and Measure Network Quality

The TRAI has proposed to use AI to measure and monitor network quality in its new draft regulation for Quality of Service Standards (QoS). The telecom regulator made the proposal in a consultation paper on **'Review of Quality-of-Service Standards for Access Services (Wireless and Wireline) and Broadband (Wireless and Wireline) Services'** released on August 21, 2023.

TRAI official has stated that "Near real-time, rather than monthly QoS performance monitoring may be achieved by collection, processing, and correlation of performance data. AI can play an important role in effectively managing end-to-end QoS in a network". The regulator also said that the segmented approach for QoS management is the biggest bottleneck in unpredictable user experience, resulting in a wide gap between the QoS measured by the service provider and the actual QoS perceived by the consumer. User experience is the aggregate outcome of QoS performance of each network segment i.e., access, backhaul, core and transport networks. Degradation of QoS performance of any network segment will affect the Quality of Experience (QoE) of these services.
Read More

Competition Commission of India (CCI) approved the Air India-Vistara Merger Deal

The CCI approved the **merger of Tata Group airlines Vistara and Air India**, subject to certain conditions on September 1, 2023. The approval comes after months when CCI in June issued a show cause notice to Air India, seeking clarification on why its proposed merger with Vistara should not be investigated over concerns about competition in the aviation sector.

The proposed combination envisages (a) the merger of Tata Singapore Airlines Limited (TSAL/Vistara) into Air India Limited (AIL/Air India), with AIL being the surviving entity (Merged Entity) and (b) in consideration of the merger, the acquisition of shares in the Merged Entity by Singapore Airlines Limited (SIA) and Tata Sons Private Limited (TSPL) and (c) acquisition of additional shares in the Merged Entity by SIA pursuant to a preferential allotment. The regulator stated that the acquisition of certain shareholding by Singapore Airlines in Air India is subject to compliance of voluntary commitments offered by the parties.
Read More

Food Safety and Standards Authority of India (FSSAI) introduced Hindi Version of Food Safety Compliance System (FoSCoS) Portal

On the occasion of Hindi Diwas on September 14, 2023, the FSSAI has taken a significant leap towards enhancing user experience and accessibility with the launch of the FoSCoS portal in Hindi. The introduction of the **Hindi version of FoSCoS** will ensure that food businesses, entrepreneurs and stakeholders from diverse linguistic backgrounds can seamlessly access and leverage its services. The portal will soon be rolled out in other regional languages, making it even more user-friendly for a wider audience.

Since its nationwide launch in 2020, FoSCoS has emerged as a single access point for food businesses and regulatory authorities across the country, streamlining all compliance related activities. The system has played a pivotal role in the digital transformation of various food safety processes, simplifying adherence to regulatory norms for food businesses nationwide.
Read More

The Insolvency and Bankruptcy Board of India (IBBI) organized a Conclave on the theme "'Perspective of the Creditors and Insolvency Professionals"

The IBBI organized a Conclave of Insolvency Professionals (IPs) on the theme **"Perspective of the Creditors and Insolvency Professionals"** in association with the Insolvency Professional Agencies and cohosted by the Committee on Insolvency and Bankruptcy Code, Institute of Chartered Accountants of India on September 15, 2023 in Mumbai.

Shri Ravi Mittal *(Chairperson, IBBI)* and **Shri Jayanti Prasad** *(Whole Time Member, IBBI)* addressed the participants during the inaugural session of the Conclave. They highlighted the positive outcomes of the **Insolvency and Bankruptcy Code, 2016 (IBC)**, emphasized the need for effective coordination between stakeholders, and underscored the importance of stakeholder consultation for improved outcomes under the IBC. The Conclave witnessed enthusiastic participation and engagement from IPs.
Read More

Telecom Regulatory Authority of India (TRAI) released Recommendations on "Rationalization of Entry Fee and Bank Guarantees"

The TRAI proposed a comprehensive set of recommendations on September 19, 2023 to revitalize the telecom sector. This includes advocating for a substantial reduction in entry fees for various telecom service licenses and promoting the merging of bank guarantees. The move aims to facilitate the entry of new players into the telecom market and enhance the ease of business for existing operators. TRAI has suggested a halving of the entry fee for Unified Licenses' (UL) in the case of access service, making it more affordable and encouraging new entrants. They proposed reducing the entry fee for access services from Rs 1 crore to Rs 50 lakh for each telecom circle or metro area. For Jammu & Kashmir and the North East, the recommendation is to reduce the fee from Rs 0.5 crore to Rs 25 lakh each.
Read More

Regulatory News & Trends - International

India aims to Trade Electricity with Southeast Asia

With the aim to boost its renewable and big hydropower capacity from 177 gigawatts (GW) to 500 GW by 2030, India is considering trading power with Southeast Asian countries such as Myanmar and Thailand. They have engaged the Electricity of France (EDF) to prepare a regulatory framework that would address key challenges including the pricing system. Presently, India exports power to Bangladesh, Nepal, Bhutan along with Myanmar which would be stepped up massively under the new plan. The industry official stated, "Once we are able to connect India's national grid to Burma (Myanmar), we should be able to strengthen the grid there and further transmit to Thailand and other parts of East Asia".
Read More

Canada’s Regulator proposed Banks to hold More Capital to Tackle Mortgage Risks

Canada's banking regulator has suggested new rules for banks and mortgage insurers. These rules would require them to maintain a higher cash reserve to prepare for the potential rapid increase in home loan rates. Variable home loan interest rates in Canada have surged to 4.75%, marking the highest level in 21 years, as a measure to curb escalating prices. The Office of the Superintendent of Financial Institutions stated that these new rules should help banks avoid giving out too many mortgages that might end up costing more than they're worth in the long run.
Read More

European Union (EU) Agencies expect Single Data Access Point to be available from 2027

The EU comprises 27 jurisdictions and this contributes to complexity in the form of the availability of disparate and inconsistent information to investors and other stakeholders. To address this challenge, the European authorities are working towards establishing a European Single Access Point (ESAP) that will provide centralized access to publicly available information relating to financial services, capital markets, and sustainability topics in the European Union. ESAP will also allow non-listed entities, including Small and Medium Enterprises (SMEs), to share information on a voluntary basis. With a recent provisional agreement on the proposal for ESAP regulation, the European Union has reached a significant milestone in this direction.
Read More

The Financial Stability Board (FSB) proposed a Toolkit to enhance Third-Party Risk Management

Banks increasingly rely on third-party vendors for critical functions such as technology infrastructure, processing of data and payments, and customer support. Failures and disruptions in such third-party services can erode customer confidence, leading to lost business opportunities and reputational damage. In this context, FSB has recently published and is seeking comments on a toolkit that sets out tools to help financial institutions identify critical services and manage potential risks throughout the lifecycle of a third-party service relationship.
Read More

Basel Committee on Banking Supervision (BCBS) proposed to revise Core Principles for Banking Supervision

The BCBS has initiated a process of consultation on revisions to the core principles for effective banking supervision. The BCBS core principles represent a set of global minimum standards for the prudential regulation and supervision of banks and banking systems worldwide. The International Monetary Fund (IMF) and the World Bank use these principles to assess the effectiveness of banking supervisory systems and practices of countries, in the context of the Financial Sector Assessment Program (FSAP).
Read More

United States (US) tightens Export Controls of Nuclear Power Items to China

The Bureau of Industry and Security (BIS), an arm of the US Commerce Department, has mandated the exporters to get specific licenses to export certain generators, containers and software intended for use in nuclear plants in China. The US administration has tightened controls on the export of materials and components for nuclear power plants to China, stating that it would ensure their use only for peaceful purposes and not the proliferation of atomic weapons. The Nuclear Regulatory Commission (NRC), the federal agency responsible for nuclear energy safety has also asked the exporters to get specific licenses to export special nuclear material and source material.
Read More

Increased Applications for use of Deepfake Technology in China

China's cyberspace regulator has received 110 applications from Chinese technology companies such as Huawei and Alibaba for approvals related to models that can be used to manipulate visual and audio data. The Cyberspace Administration of China (CAC) has published a list according to which the firms, were seeking the approvals to comply with rules set out in December by the CAC that govern the use of deepfake technology. This approval process is separate from the CAC's regulation of Chinese tech firms looking to push out generative artificial intelligence (AI) products, which have been in high demand ever since the success of United States firm OpenAI's ChatGPT.
Read More

United States (US) Congressional Committee passed the Crypto Regulatory Bill

The US Congressional Committee has made significant progress by moving forward with a bipartisan bill aimed at creating a thorough regulatory structure for cryptocurrencies. This recent development in the congressional committee's regulatory bill represents a significant initiative to offer clear guidelines for the rapidly changing cryptocurrency sector. It is a crucial moment for Capitol Hill as it works to establish official federal supervision of the digital asset industry. In light of recent events, including the abrupt failures of major companies like Celsius Network, Voyager Digital, Futures Exchange and others, the cryptocurrency industry has come under increased scrutiny.
Read More

Indonesia's State Utility plans to build 32 Gigawatt (GW) Renewable Energy Capacity

Indonesia's state utility Perusahaan Listrik Negara (PLN) plans to add 32 GW of renewable energy capacity and invest in grids that would be able to connect to more renewable power sources. **Mr Darmawan Prasodjo** *(Chief Executive, PLN)* stated that this plan is part of the company's efforts to speed up the adoption of renewable power and reduce reliance on coal, which is used to generate about half of Indonesia's power output. Under the current plan for 2021-2030, the company targeted expanding renewables-sourced power capacity by 20.9 gigawatts, or 51% of its total new additional power generation capacity for the period.
Read More

Global Regulators initiative to Strengthen Oversight of Decentralized Finance (DeFi)

The Global regulators are taking steps to tighten control over the world of DeFi. The International Organization of Securities Commissions (IOSCO) introduced its initial plan to hold DeFi participants accountable for their actions and ensure the stability of the market. This framework proposed by IOSCO is intended to guide regulators in the 130 jurisdictions under its umbrella, with the primary goals of protecting investors, maintaining market stability in the realm of DeFi, managing risks, promoting transparency through clear disclosures, and enhancing international cooperation to enforce relevant regulations. The IOSCO pointed to the events of 2022, notably the collapse of the crypto exchange Futures Exchange and the Terra USD stablecoin, as examples of how disruptions in one part of the cryptocurrency market can trigger significant capital outflows from DeFi applications.
Read More

Article - Economic Stewards: Unveiling the Role of Statutory Regulatory Authorities (SRA) in India's Development

By Mr Pratik Biswas
Deputy Chief (Finance), Central Electricity Regulatory Commission

Introduction:

The article explores the need for economic regulation in India and the role of Statutory Regulatory Authorities (SRAs) in addressing market failures. While markets in India have shown efficiency in most sectors, certain instances of market failure necessitate state intervention. Economic regulation ensures fair markets, protects consumer interests, and provides public goods. The changing macroeconomic landscape in India, driven by economic reforms and structural shifts, has led to the growth of SRAs. These specialized regulatory bodies oversee specific sectors and promote competition, consumer protection, and market integrity. However, regulation is a complex task, requiring a balance between intervention and market efficiency. Challenges include finding the right level of regulation, managing conflicting interests, and ensuring transparency. Effective regulation involves promoting competition, stakeholder participation, evidence-based policymaking, and leveraging technology.

Why State Intervention?

State intervention in economic systems is driven by the need to address market failures and promote allocative efficiency. While markets generally work efficiently, there are situations where they fail to deliver optimal outcomes due to externalities, information asymmetry, public goods, and natural monopolies. In such cases, the state plays a crucial role in regulating and correcting these failures. The state sets rules, enforces regulations, and establishes institutions such as SRAs to oversee specific sectors and ensure fair competition, consumer protection, and market efficiency. It is important to strike a balance in state intervention, avoiding excessive regulation while addressing market failures effectively. Effective state intervention requires evidence-based policymaking and a thoughtful approach that considers the specific market conditions and economic objectives.

Four classes of market failures

Market failures can be classified into four categories: market power, externalities, asymmetric information, and public goods. Market power occurs when a single entity or a few dominant players have control over a market, leading to limited competition and inefficient outcomes. Externalities arise when the actions of individuals or firms impose costs or confer benefits on others who are not directly involved in the transaction. Asymmetric information occurs when one party possesses more information than the other, leading to suboptimal decision-making. Public goods are goods or services that are non-excludable and non-rivalrous, making it inefficient for the market to provide them. These market failures create the need for state intervention to correct inefficiencies and promote the efficient allocation of resources.

What should the “State” do?

The ideal role of the "State" in the economy is to address market failures, including market power, externalities, asymmetric information, and public goods. However, in practice, implementing this ideal role can be challenging due to implementation difficulties and political considerations. The "State" must navigate these challenges and balance competing interests while striving to achieve efficient and fair market outcomes. Additionally, the "State" may have broader objectives beyond addressing market failures, such as promoting social welfare or economic development. Striving for the ideal role within the conceptual framework helps guide policymaking, but it is important to consider practical constraints and broader societal goals when making decisions. The "State" should aim to strike a balance that addresses market failures while pursuing objectives that benefit society as a whole.

What is Regulation?

Regulation refers to the interventions made by public agencies to ensure the proper functioning of markets, protect public interests, and address market failures. It involves the establishment of rules, standards, and guidelines to achieve optimal outcomes and promote efficiency, fairness, and public welfare. Regulation aims to strike a balance between market freedom and the protection of consumers, workers, and society.

Market failures, such as market power, externalities, asymmetric information, and public goods, are the primary drivers for regulation. By intervening through regulation, the government aims to correct these market failures and promote desirable outcomes. For example, regulations in the automobile industry ensure safety standards are met, protecting drivers and passengers.

Regulation serves various purposes, including consumer protection, promoting market competition, ensuring public health and safety, protecting the environment, and maintaining financial stability. It safeguards consumers from unfair practices, maintains a level playing field in the market, prevents risks to public health and safety, promotes environmental sustainability, and ensures stability and transparency in the financial sector.

However, it is important to strike a balance with regulation. Excessive or poorly designed regulation can stifle innovation, increase compliance costs, and hinder economic growth. Therefore, a thoughtful and evidence-based approach is crucial to ensure that regulation is effective, efficient, and promotes the overall welfare of society.

When Do We Want Regulation?

Regulation is desirable when market failures occur or potential to occur. It is necessary to address market power, asymmetric information, and negative externalities. However, the approach to regulation should be balanced, focusing on desired outcomes and allowing for flexibility and innovation. In India, regulatory policies should foster competition, entrepreneurship, and economic growth while addressing market failures effectively.

Why Regulation by an SRA?

The concept of a regulator or Statutory Regulatory Authority (SRA) emerged in India during the 1990s as the country shifted from a centrally planned economy to a more market-oriented approach. The idea behind SRAs was to establish specialize organizations with expertise and authority to carry out economic regulation in various sectors.

The Global Concept of a Regulator

The global concept of a regulator involves The first regulatory body, SEBI, was established in 1992 to regulate the securities market and protect investor interests.

Since then, India has witnessed the establishment of several SRAs in different sectors. These include the Reserve Bank of India (RBI) for banking regulation, the Telecom Regulatory Authority of India (TRAI) for the telecommunications sector, the Insurance Regulatory and Development Authority of India (IRDAI) for insurance regulation, and the Central Electricity Regulatory Commission (CERC) for the power sector. These SRAs play a crucial role in ensuring efficient market functioning, protecting consumer rights, and promoting competition.

SRAs formulate regulations, monitor compliance, and address market failures and issues within their respective sectors. They operate independently and are responsible for maintaining the integrity, transparency, and fairness of the markets they oversee. By having specialized regulatory bodies, India recognizes the need for domain expertise and effective oversight to regulate complex sectors and ensure market efficiency.

The establishment of SRAs reflects the importance of effective regulation in specific sectors to promote fair practices, protect consumer interests, and foster market efficiency. These regulatory bodies play a critical role in ensuring a level playing field, preventing market abuses, and maintaining public trust in the regulated industries.

SRA: Functional Considerations

Functional considerations related to Statutory Regulatory Authorities (SRAs) involve ensuring agility, expertise, stakeholder engagement, and continuous learning. SRAs need to be responsive to changes in the regulated sectors, as traditional parliamentary processes can be slow. Expertise and specialization are essential for effective regulation, and SRAs are designed to possess the necessary knowledge. Stakeholder engagement ensures diverse perspectives are considered, and continuous learning enables SRAs to stay updated and regulate evolving industries. By adopting flexible frameworks and engaging stakeholders, SRAs contribute to sector growth and development.

SRA: Public Administration Concerns

The establishment of Statutory Regulatory Authorities (SRAs) introduces public administration considerations that differentiate them from traditional government departments. SRAs benefit from specialized expertise, autonomy from political objectives, and resource flexibility. They incorporate modern economic knowledge, break away from central planning culture, and attract specialized workforces.

SRAs also reduce firefighting situations and have greater resource autonomy, enabling them to make strategic decisions. These public administration advantages contribute to more efficient and effective regulation, fostering economic growth, market competition, and consumer protection.

The fusion of legislative and executive functions. These functions are essential for effective regulation in various sectors. The key functions of a regulator can be categorized into two types: Type 1 and Type 2 regulators.

Type 1 Regulator: A Type 1 regulator is primarily responsible for legislative and executive functions. The legislative function involves the formulation and promulgation of regulations, rules, and guidelines that govern the conduct of entities within a specific sector. These regulations are designed to ensure compliance with legal requirements, promote fair competition, protect consumer rights, and address market failures

In addition to legislative functions, a Type 1 regulator also performs executive functions. This includes licensing, investigation, and prosecution. The regulator grants licenses or permits to entities operating in the regulated sector, ensuring that they meet certain criteria and comply with applicable regulations. The regulator also investigates potential violations of regulatory requirements and, if necessary, initiates legal proceedings or enforcement actions against non-compliant entities.

Type 2 Regulator: A Type 2 regulator encompasses the functions of a Type 1 regulator but adds judicial functions to its mandate. In addition to legislative and executive functions, a Type 2 regulator has the authority to adjudicate disputes, make determinations, and impose penalties or sanctions on entities found to be in violation of regulatory requirements. This judicial function allows the regulator to act as an independent arbiter, ensuring fairness, due process, and the resolution of conflicts within the regulated sector.

The inclusion of judicial functions in a regulatory authority enhances its independence, transparency, and accountability. It provides a mechanism for impartial dispute resolution and upholding the principles of natural justice.

The distinction between Type 1 and Type 2 regulators is based on the scope and extent of the regulatory authority's powers and functions. While Type 1 regulators primarily focus on legislation and executive functions, Type 2 regulators have the added responsibility of adjudication.

It is important to note that the specific functions and powers of a regulator may vary across jurisdictions and sectors. The establishment and mandate of regulatory authorities are typically defined by relevant legislation or statutes, which outline the specific powers, responsibilities, and procedures to be followed.

So, as per the global concept of a regulator involves the fusion of legislative and executive functions. Type 1 regulators primarily focus on legislation, licensing, investigation, and prosecution. Type 2 regulators encompass these functions but also include judicial functions, enabling them to adjudicate disputes and make determinations. The distinction between Type 1 and Type 2 regulators reflects the varying degrees of authority and responsibilities within the regulatory framework.

Different Regulators of INDIA

The regulatory landscape in India comprises various prominent regulators overseeing different sectors. These include financial sector regulators like the RBI, SEBI, IRDAI, and PFRDA. Competition and consumer protection are handled by the CCI and IBBI. Sector-specific regulators include TRAI, CERC, AERA, and WDRA. Professional and education regulators include UGC, AICTE, MCI, and BCI. Accounting and corporate regulators include ICAI, ICWAI, and ICSI. State-level regulators such as State EC and RERA also play a role. The existence of multiple regulators reflects the recognition of the need for specialized oversight and regulation in different sectors to ensure market efficiency, consumer protection, and compliance with relevant laws and regulations.

Conclusion:

The emergence of Statutory Regulatory Authorities (SRAs) in India has significantly influenced the country's economic development. These regulatory bodies address market failures, promote fair competition, protect consumer interests, and ensure efficient markets. India's regulatory landscape is diverse, with various SRAs overseeing different sectors, such as the RBI, SEBI, CERC and IRDAI. These SRAs bring together legislative, executive, and sometimes judicial functions to effectively regulate their domains. They integrate modern economic knowledge, have specialized workforces, and offer advantages over traditional government departments. SRAs focus on their core functions, respond proactively to emerging issues, and have greater autonomy and flexibility. They cover a wide range of sectors, reflecting the importance of effective oversight for economic growth. SRAs uphold transparency, fairness, and accountability, promoting competition, protecting investors, and fostering sectoral growth. They play a crucial role in India's development journey, acting as economic stewards for sustainable and inclusive growth. Their existence demonstrates a commitment to effective regulation, ensuring market efficiency and overall economic well-being. SRAs contribute to economic stability, fairness, and growth, making India an attractive destination for investment and business.

FOIR Events

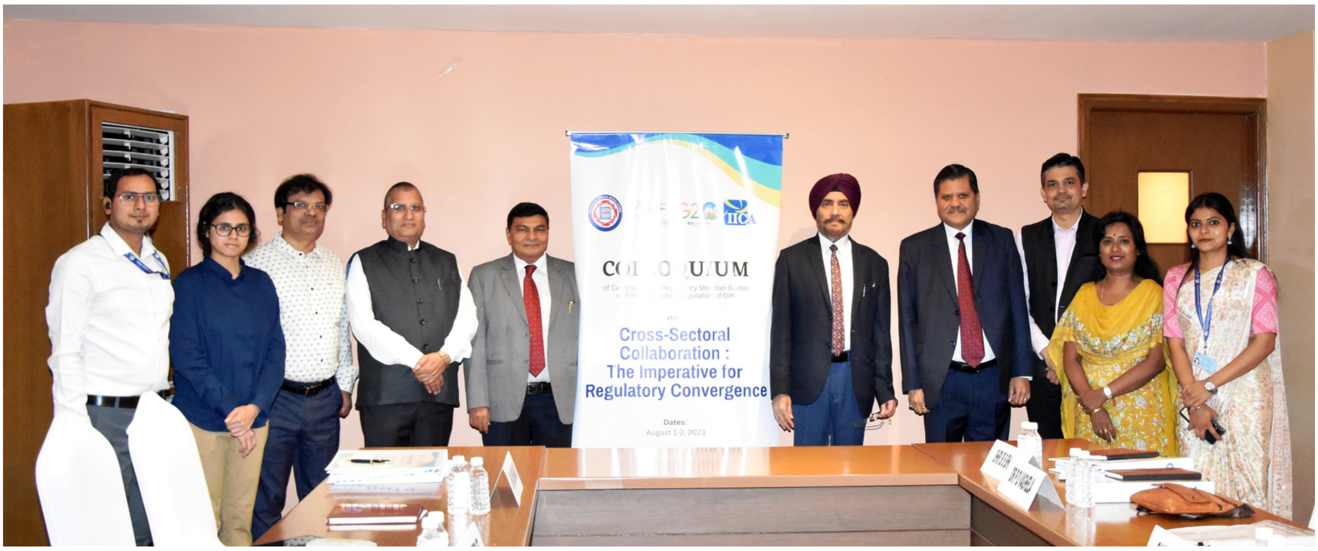
FOIR Centre, IICA Successfully organized a Colloquium on "Cross-Sectoral Collaboration: The Imperative for Regulatory Convergence" for FOIR- Central Sector Regulators

The Forum of India Regulators (FOIR) Centre, Indian Institute of Corporate Affairs (IICA), organized the Colloquium for the Central Sector Regulators on the theme **"Cross-Sectoral Collaboration: The Imperative for Regulatory Convergence"**

The colloquium, held on August 1-2, 2023 at Agra brought together esteemed Chairpersons and Members of FOIR member bodies fostering meaningful and effective conversations about the potential for convergence in regulatory efforts. The panelists of Colloquium were **Shri B S Bhullar** *(Chairperson, Airports Economic Regulatory Authority & Honorary Chairman, FOIR)*; **Shri Jishnu Barua** *(Chairperson, Central Electricity Regulatory Commission & Honorary Vice-Chairman, FOIR)*; **Dr P D Vaghela** *(Chairperson, Telecom Regulatory Authority of India & Honorary Vice-Chairman, FOIR)*; and **Shri A K Tiwari** *(Member, Petroleum & Natural Gas Regulatory Board)*.

Shri B S Bhullar *(Chairperson, Airports Economic Regulatory Authority & Honorary Chairman, FOIR)* commended FOIR's efforts in fostering collaboration and cooperation among regulatory bodies across sectors, noting that through such collaborative efforts, we can strengthen our regulatory frameworks, learn from one another, and collectively address common challenges, fostering innovation and improving regulation efficiency in our country. As an example, he cited the fruitful exercise for developing cross-sector collaborative regulation between the Telecom Regulatory Authority of India (TRAI) and the Electricity Regulatory Commissions (ERCs).

Shri Jishnu Barua *(Chairperson, Central Electricity Regulatory Commission & Honorary Vice-Chairman, FOIR)* highlighted the importance and relevance of several measures in the electricity sector to ensure fair competition and protect consumer interests, such as Open Access, Power Purchase Agreements (PPAs) and Competitive Bidding. He further emphasized the need to find actionable, implementable uses for collaboration in the current regulatory set-up.

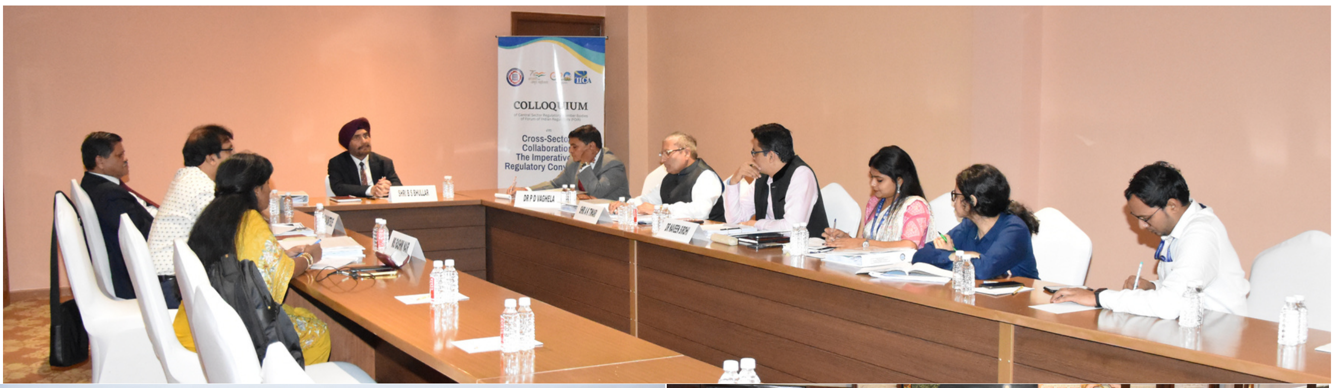


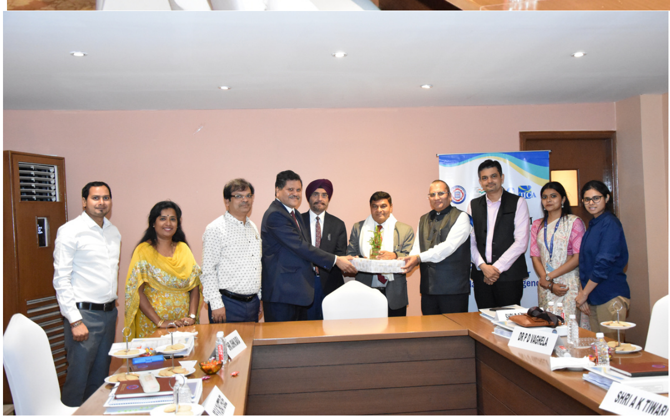
Dr P D Vaghela *(Chairperson, Telecom Regulatory Authority of India & Honorary Vice-Chairman, FOIR)* emphasized on the need for a collaborative approach to address technological advancements and changing times. He stated that increasing the frequency of collaborative endeavors and sharing infrastructure and other resources for effective implementation are significant supportive measures that can impact the concerned sectors. With a more global view, he also endorsed collaboration with international counterparts in evolving the national regulatory-governance landscape.

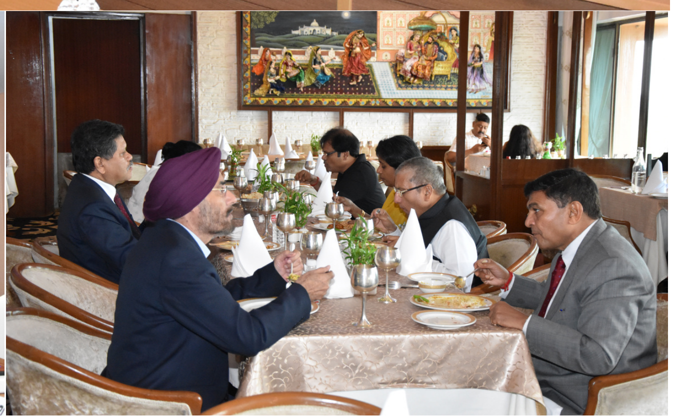
Shir Anjani Kumar Tiwari *(Member, Petroleum & Natural Gas Regulatory Board)* provided valuable insights into core aspects of Environmental and Social Impact Assessment (ESIA) and methods of its implementation to mitigate adverse environmental and social impacts. Further, he conveyed his inclination towards close coordination amongst regulators and noted that FOIR can play a vital role in promoting it. In the same vein, he informed participants of the ongoing efforts of PNGRB in pursuing meetings with its international counterparts to understand their regulatory frameworks, which could assist in shaping regulatory governance of the domestic Oil and Gas (O&G) sector.

Prof (Dr) Naveen Sirohi *(Director, FOIR Centre and Founding Head, School of Finance at IICA)* moderated the interaction and delivered the valedictory address, emphasizing the critical importance of collaborative efforts and regulatory convergence in our ever-evolving regulatory landscape. He emphasized the critical importance of collaborative efforts and regulatory convergence in a world where boundaries between sectors are increasingly blurred, and emerging technologies disrupt traditional industry structures. He went on to elaborate on the need for Cross-sectoral collaboration, stating its essential role in addressing the complex interdependencies and interconnectedness between different sectors.

The regulatory panel unanimously agreed on the need to foster collaboration and cooperation to address common challenges, share best practices, and enhance the effectiveness of regulatory frameworks in India.







About FOIR & Member Organisations

The Forum of Indian Regulators was formally registered as a Society under the Societies Registration Act, with the Registrar of Societies in the National Capital Territory of Delhi on February 4, 2000. Schedule-I provides the Memorandum of Association, while Schedule-II provides the Rules and Regulations.

The Orissa Electricity Regulatory Commission (OERC) was the first Regulatory Commission constituted in the electric power sector on November 28, 1996. This was followed by the Central Electricity Regulatory Commission (CERC) which was constituted in August 1998 and the Haryana Electricity Regulatory Commission (HERC) on March 10, 1998. Ten more followed to it thereafter. A need was felt by these regulators for a common platform to discuss emerging issues in regulatory procedures and practices, to evolve common strategies to meet the challenges before regulators in India and to share information and experiences. A meeting was convened of the CERC, OERC and HERC in February, 1999 at New Delhi to discuss the modalities for constituting a suitable forum. The idea quickly found acceptance and as more Regulatory Commissions were constituted, either under State specific Acts, or the Electricity Regulatory Commissions Act, 1998, they started participating in the activities of the Forum of Indian Regulators. The constitution of the Forum does not restrict it only to the electricity sector.

Member Organisations

Presently, Forum of Indian Regulators has 38 regulatory authorities as its members.

Click for List of Members

Governing Body

The Forum has a Governing Body. Any Fellow Member of the Forum is eligible for appointment to the Governing Body. All members work in an honorary capacity.

Click for Governing Body Details

Contact

FOIR Secretariat
C/O Central Electricity Regulatory Commission,
3rd - 4th Floor Chanderlok Building,
36 Janpath, New Delhi - 110001.
Phone: 011-2335 3503
Email: asecy.foir@gmail.com
Website: foir-india.org

About FOIR Centre, IICA

Forum of Indian Regulator (FOIR), with its aim to promote transparency in working of Regulators and to safeguard the consumer interest, signed MoU with Indian Institute of Corporate Affairs (IICA), a think tank under the Ministry of Corporate Affairs to establish its centre at IICA with the objective to promote cooperation and coordination among regulatory members of FOIR.

The FOIR Centre at IICA provides capacity building, education, research and advocacy support to FOIR Secretariat for academic upgradation and intellectual development for members and officials of FOIR member organisations. The centre also provides administrative support to FOIR including preparation of annual reports, statutory compliances etc.

Few notable contributions of FOIR Centre, IICA include:

- Flagship Certificate Course on Regulatory Governance
- Know Your Regulator (KYR) / Webinar Series
- Colloquium for Central Sector Chairpersons and Members
- Online / In-person Capacity Building Programs on Contemporary Issues
- Research on Contemporary Issues

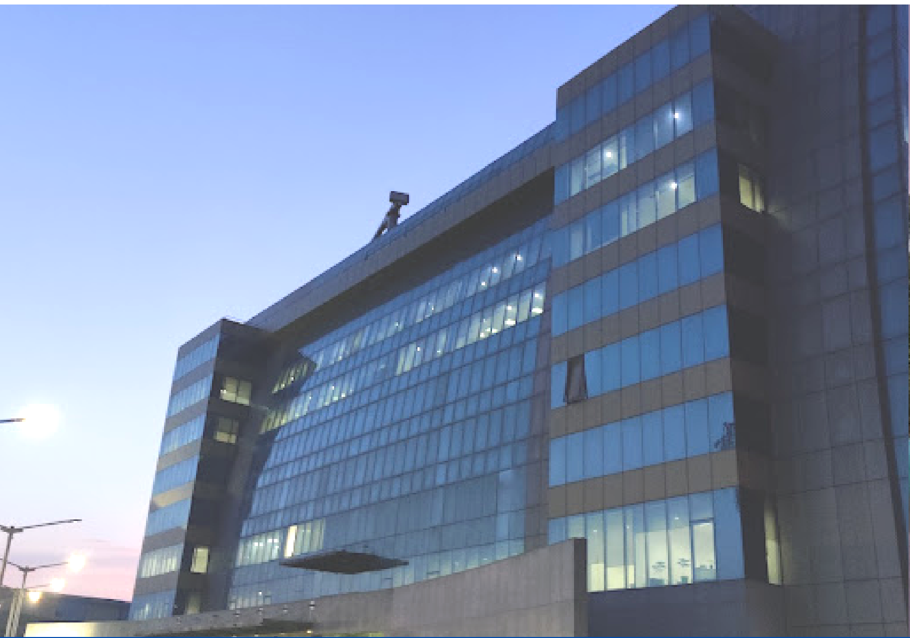
TEAM

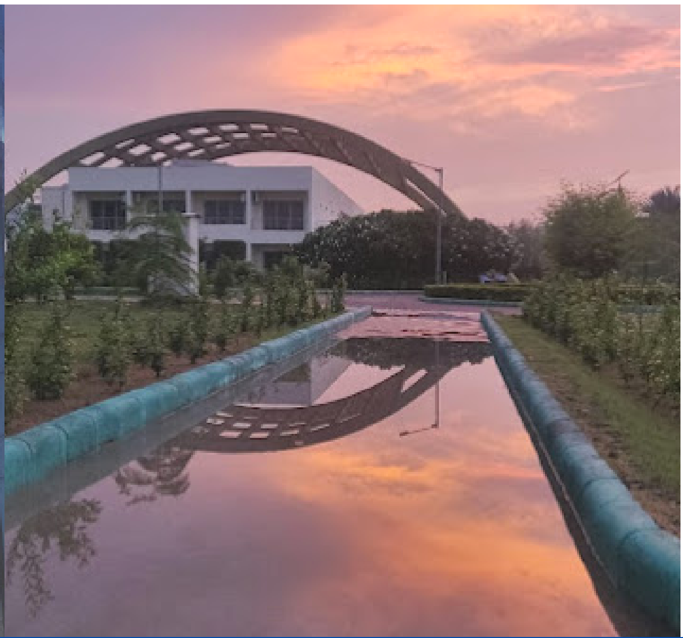
Prof (Dr) Naveen Sirohi,
Director
Email: naveen.sirohi@iica.in

Ms Ankita Tiwari,
Research Fellow
Email: fellow.foir@iica.in

Ms Akanksha Chaudhri,
Research Associate
Email: ra.foir@iica.in

Mr Avanish Ranjan,
Consultant
Email:avanish.srivastava@iica.in





For Queries and Feedback:
Forum of Indian Regulators (FOIR) Centre
Indian Institute of Corporate Affairs
Sector 5, IMT Manesar, Gurugram, Haryana-122052
Phone: 0124-2640080 | Email: foir@iica.in | www.iica.nic.in