

Implementing  
regulatory  
reform

# Regulatory reform in Orissa

Translating intention into action

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# Structure of presentation

Implementing  
regulatory  
reform

- 1. Context & Drivers for Regulatory reform  
in Orissa**
- 2. Approach & Challenges to Reforms**
- 3. Lessons from DFIDs Programme**

## Context & Drivers for Orissa

- **Economic growth lower than all India**
- **Worsening trend post-liberalisation**
- **Publicly driven growth fiscally unsustainable**
- **Quality of investment climate accepted as a key determinant of investment**

## Approach to Regulatory reforms in Orissa

- **SOE reform - Disinvestment from 'commercial' activities**
- **Deregulation, simplification of rules & procedures & single window for investors**
- **Policy & legal framework for PPP in infrastructure**
- **Strengthened policy & mechanisms for Resettlement & Rehabilitation**

## Challenges in Regulatory Reforms:

Regulatory regime in the hands of many, with differing incentives!

<b>Industries</b>	<b>Traditional facilitators for manufacturing</b>
<b>Fisheries, Agriculture, Handlooms, Handicrafts</b>	<b>Promoters of largely informal sectors</b>
<b>Health, education</b>	<b>Incidental players</b>
<b>Environment, Labour, Mines, Forests, Water Resources, Revenue, Urban</b>	<b>Protectors of public good &amp; state resources</b>
<b>Power, water, land</b>	<b>Infrastructure</b>
<b>Tax</b>	<b>Collectors of revenue</b>

## Challenges in regulatory reform

### Implications:

- **Need to tackle sector by sector and department by department: no short cuts**
- **No single department can easily take the lead across the board: boundaries are strong.**
- **Capacity of CM's office or Chief Secretary to drive reforms systematically is limited**

# Challenges in regulatory reform

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Lack of healthy checks & balances!

**Entrepreneurs tend to adopt adversarial & cynical postures and remain conditioned to demand subsidies.**

**Two-way dialogue neither routine nor meaningful.**

**Role often devolves to agencies like World Bank.**

## DFID Programme

Provides technical support for transition from 'actor' to 'facilitator'

- **Study existing system & approaches of other states - enable informed decision**
- **Facilitate the enactment and amendment of policies/laws**
- **Support preparation of business plans & operationalisation**
- **Monitor & track change**

## Lessons & Experiences

- 1. Vision of how things will be different can be blurred and varied, labels meaningless**
  - Take out the abstract, avoid labels, be specific!**
  
- 2. Experience & planning on operationalisation weak**
  - Invest in planning**
  - Build flexibility in TA contracts**

# Lessons & Experiences

## **3. Decision makers are overburdened**

- Avoid long reports, request key decisions**

## **4. Difficult to tackle behaviour**

- Track results, build evidence & tackle problem areas subsequently**