



Australian Government  
Australian Centre for  
International Agricultural Research

# project proposal

*proposal phase* Full Proposal

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*project* ***Facilitating Efficient Agricultural Markets in India: An Assessment of Competition and Regulatory Reform Requirements***

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*project no.* ADP/2007/062

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## Project outline

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|---------------------------|---|
| project number            | ADP/2007/062  |
| project title             | Facilitating Efficient Agricultural Markets in India: An Assessment of Competition and Regulatory Reform Requirements |
| ACIAR program area        | Agricultural Development Policy   |
| proposal stage            | Final   |
| commissioned organisation | NSW Department of Primary Industries  |
| project type              | Bilateral/Medium Research Activity  |
| geographic region(s)      | South Asia, Australia   |
| country(s)                | India, Australia  |
| project duration          | 2.5 years   |
| proposed start date       | 1 <sup>st</sup> May 2008  |
| proposed finish date      | 31 <sup>st</sup> October 2010   |
| time to impact            | Category 1  |

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## Key contacts

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## Project summary

India's agriculture sector faces major adjustment pressures as it becomes increasingly exposed to international commodity markets. A key priority over the medium term is therefore the development of agricultural policy settings which enable farmers to efficiently adjust to a less regulated marketing environment, including an appropriate competition policy regime to avoid anti-competitive outcomes eroding trade reform gains.

ACIAR project ADP/2002/089, "Agricultural Trade Liberalisation and Domestic Market Reforms in Indian Agriculture", assessed the gains from international and domestic market reforms and found that trade policy reform must be complemented by 'behind-the-border' reforms if government objectives of improved productivity, higher rural employment and incomes and enhanced food security are to be met.

The Project Advisory Committee for project ADP/2002/089 comprising senior Indian officials, private sector representatives and academics therefore suggested the possibility of extending the research into these issues, pointing out that Australia has an international reputation in implementing competition policy reforms.

While competition law and associated institutional reforms will be critical to achieving efficient market outcomes in India, it is also the case that competition will be best served if farmers are in a position to adjust their business operations in response to 'low' or 'unfair' prices from buyers. The project will therefore have an important secondary focus on identifying policy and regulatory settings, in areas such as input markets, that may be impeding farmer adjustment, and hence, their ability to compete in less regulated commodity markets. It follows that the reform of such regulation will lessen the need for over-arching competition law.

The aim of this further project is therefore to help ensure that the gains from international and domestic market reforms translate into real income gains for Indian farmers by facilitating the development of appropriate pro-competition policy settings with adequate safeguards for farm communities. The project will be undertaken collaboratively between India's National Council of Applied Economic Research (NCAER), NSW Department of Primary Industries, the Economics and Finance Department of La Trobe University, the Economics Department of the University of Melbourne and the Australia and New Zealand School of Government.

The objectives of the project include:

1. Assessing agricultural marketing and competition policy settings in a selection of high profile developing countries to identify policy objectives, policy change processes and the 'market failure' principles driving those changes.
2. Undertaking a policy comparison across those same developing countries of trends in agricultural sector regulation more broadly to identify and assess efforts being made to facilitate farm level adjustment. Successes and failures will be identified to evaluate the scope for lessons learnt to be applied in an Indian context.

3. Using the country comparisons and an appropriate public policy framework, undertake 2-3 industry case studies which examine the application of current policy settings at the industry level and how an alternative competition policy regime would apply. These will focus on wheat in Punjab and horticulture products in West Bengal.

4. Formulate a set of policy recommendations with options that guide the introduction of necessary competition and regulatory reforms for consideration by policy makers.

Project outputs will include two policy reports – one on the country comparisons and one on the case study analyses which will culminate in recommendations to government about the introduction of competition policy in India. Key government agencies and academics will be directly involved in the project through a well qualified Advisory Committee. Project information and outcomes will be disseminated through Committee members and associated workshops, as well as directly to government agencies.

By providing clear and convincing policy briefs to key policy making target audiences this project will contribute to enhancing the efficiency of agricultural markets, the project will also provide a policy framework and ongoing guidance to policy makers in India in relation to the range of available competition policy mechanisms and their application in particular circumstances. These outcomes are a necessary step in facilitating a considered transition to more open agricultural markets. Experience in Australia and elsewhere shows that improved market access is highly conducive to increased farm incomes and a range of associated benefits such as food and livelihood security, enhanced regional development and improved regional employment opportunities.

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## **Partner country and Australian research and development issues and priorities**

The project – as previously mentioned - emerged as a priority from a workshop attended by senior Indian Government representatives, senior representatives of agricultural corporations and leading Indian agricultural policy analysts held in New Delhi in February 2006 as part of project ADP/2002/089 “Agricultural Trade Liberalisation and Domestic Market Reforms in Indian Agriculture”. A key interest of the NCAER is in developing and extending the application of competition law in order to promote the adoption of more efficient commodity marketing arrangements. Therefore, while project ADP/2002/089 identifies the gains from trade reform, project ADP/2007/062 represents the logical next step of identifying the policy principles, processes and pathways by which domestic deregulation can be achieved to harness those gains without jeopardising food and livelihood security.

Furthermore, in the recent international publication undertaken as part of project ADP/2002/089 (Chadha, Pratap and Tandon 2008) it was concluded on the basis of an economy-wide analysis - that “there is need to have a watchful competition and regulation system in place to oversee the efficient working of newly developed private agricultural markets”. These findings, which were regularly communicated to the Project Advisory Committee have produced ongoing requests for additional, complementary research that can help India in the task of formulating and implementing appropriate regulatory reforms.

There are significant concerns that current policy settings are not providing effective outcomes for Indian farmers and there is growing interest in developing a more suitable competition and regulation system to oversee agricultural markets. Appropriate overarching competition policy with associated laws and institutions are required to guide the establishment and the operation of modern marketing systems. It is equally important that

competition policy extend to related sectors such as transportation, processing, storage and selling to promote efficient levels of through chain private sector investment.

In developed economies, the ability of farmers to adjust their selling and production strategies in response to low, or 'unfair' prices, is widely recognised as an important countervailing characteristic of agricultural markets which can influence buyers to offer more appropriate prices. As part of an emerging competition policy regime it will therefore be important to consider whether farm level adjustment is likely to be significantly impeded by other poorly based regulatory settings.

The project is consistent with ACIAR's stated India 'priority' of analysing policy constraints to technology adoption and evaluating policy alternatives. For example, the lack of an effective competition policy regime will no doubt limit farm sector gains from trade reform, and in so doing, constrain farmer capacity to adopt new technologies. The project is also consistent with ACIAR's desire to develop projects that interact with policy makers to develop and secure policy settings that provide incentives for new technology adoption.

The proposed study is also consistent with Sub-programs 1 and 3 of ACIAR's indicative research priorities for India and its Medium-term South Asia Strategy. By facilitating the development of appropriate competition policy settings and identifying regulatory arrangements that may be impeding adjustment (ie. technology adoption), the project will make a strong contribution to the Sub-program 1 priorities of:

- maintaining the competitiveness and sustainability of production in favoured areas which have access to resources and markets; and particularly to the sub-priority
- of adjusting to the challenges and opportunities of international trade.

By achieving more efficient markets, with commodity price signals linked more directly to market demand, the project will also make a strong contribution to revealing India's true comparative advantage in production/cropping systems. This will also significantly help to maximize the benefits from production research funded by donor agencies, such as ACIAR. For example, projects such as CIM/2006/094 *"Enhancing Farm Profitability in Northwest India and South Australia by Improving Grain Quality of Wheat"* may have far higher pay-offs in the absence of regulatory impediments to farmer adoption, or the inability of growers to capture potential profits due to certain unconscionable marketing arrangements or market behaviour.

The project also relates closely to ACIAR's sub-program 3 priority of identifying policy options for trade and market reform to underpin agribusiness development. Project ADP/2002/089, which this project compliments, falls within this sub-program. As previously described, this further project will help to ensure that the gains from market reform translate into real income gains to the agricultural sector through improved resource use and commodity pricing, thereby safeguarding smallholder livelihoods in the transition from a regulated to a market economy.

International experience demonstrates that more effective competition policy regimes make a strong contribution to promoting efficient levels of private sector investment in areas such as infrastructure and transport.

By working closely with Indian policy makers to identify realistic policy reform principles and regulatory settings that are sensitive to India's food and livelihood security objectives, the project will help to address key concerns in relation to the domestic implications of trade liberalisation which continue to be a concern to developing economies.

Trade liberalisation will in turn benefit not only India, but trading partners such as Australia. By focussing on 'behind-the-border' issues that impact on trade and commerce,

the project is consistent with Australia's trade related interests and the emerging priorities of APEC, which is interested in enhancing prospects for trade reform and regional economic integration.

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## **Research and/or development strategy and relationship to other ACIAR investments and other donor activities**

To enable the development of a shared understanding of policy rationales, expected policy outcomes and legislative frameworks between research partners the project is designed in two stages. The first involves the identification, categorisation and documentation of agricultural marketing and competition policy settings in India and in a selection of other key developing or emerging economies. The NCAER is particularly interested in this comparison being done with the BRIC's economies of Brazil, Russia, India and China due to the expected importance of these countries in the world economy during the first half of the 21st century. According to Goldman Sachs, these four countries may become the four most dominant economies by the year 2050. All four countries have passed through phases of reform of their agricultural sectors and there is significant scope for them to learn from each other's experience in the field of competition and regulatory issues.

The NCAER is also interested in extending the analysis to include South Africa, given that the economies of India, Brazil and South Africa (IBSA) link Asia, Africa and Latin America and the 'IBSA Dialogue Forum' is playing an increasingly important role in the foreign policies of India, Brazil and South America.

Building on Australia's experience in implementing 'Competition Policy' and in particular the *Competition Principles Agreement* (see Davenport 2007), emphasis will also be placed on identifying relevant policy objectives, policy change processes and application of the 'market failure' principles driving those changes. The drawing together of this information will be used to facilitate analysis and debate in relation to the necessary elements of competition policy framework that might apply in India.

In undertaking this comparison across selected countries, lessons learnt on linkages between the introduction of competition policy and the need to remove adjustment constraints at the farm level will also be identified.

The first stage therefore involves significant information gathering and developing a shared understanding or relevant microeconomic reform and 'role of government' principles as they relate to pro-competition regulation. As such, it provides the opportunity to engage and work with key government agencies and to encourage their 'ownership' of the project. Much of this will be a desktop exercise with frequent contact between Australian and Indian collaborators as required.

The second stage, involves the challenging task of applying the learnings from stage 1 to India's current agricultural policy settings. The country comparisons and the development of 'market failure' based public policy principles will provide a strong framework against which a series of industry case studies can be undertaken which will then form the basis of policy recommendations. This staged approach is designed to achieve a high level of stakeholder engagement between partner countries.

Also relevant to the case study analysis will be complementary work being undertaken by Dr B. Pritchard from Sydney University and funded by the Australian Research Council on the socio-economic impacts of market-led restructuring in India's agricultural sector.

It is proposed that while the formal partners would be constituted as an Advisory Council, informal partners would be drawn from the central and state level government functionaries, eminent academic fellows, farmers and private sector participants including buyers of agricultural goods (processors and organised retail chains). The Advisory Council will meet at least 3 times throughout the duration of the project (coinciding with the India visits by the Australian collaborators) and include select representatives from these same areas. There will also be informal contact and exchanges as required throughout the project delivery process.

### Publications Cited

Chadha, R., Pratap, D. and Tandon, A. (2008), "Liberalising Border Trade: Implications for Domestic Agricultural Markets in India", in Lee, Yong-Shik (ed.), *Economic Development Through World Trade: A Developing World Perspective*, Global Trade Law series, Kluwer Law International, Netherlands.

Davenport, S. (2007), "Reform of Australia's Agricultural Statutory Marketing Arrangements: Lesson's for India's Reform Program", paper presented at the 51<sup>st</sup> Annual Conference 2007 of the Australian Agricultural and Resource Economics Society, 14-16 February, Queenstown, New Zealand.

### Other Relevant Publications

OECD (2006), "Promoting Pro-Poor Growth: Private Sector Development", Chapter 2 Implementing Competition Policy in Developing Countries.

Jayasuriya, S., Kim, J. and Kumar, P. (2007), "International and Internal Market Integration in Indian Agriculture: A study of the Indian Rice Market", paper presented at the 106<sup>th</sup> European Association of Agricultural Economists Conference, Montpellier, France, 25-27 October 2007.

Note: The Competition sections of the websites of the OECD, the WTO, UNCTAD and the World Bank and the International Competition Network (ICN) contain extensive information that includes material on the development impacts of competition policy and law.

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## Objectives

**Aim:** To ensure that the gains from international and domestic market reforms translate into real income gains to Indian farmers by facilitating the development of appropriate pro-competition policy settings.

### **Objectives:**

1. To identify, categorise and document agricultural marketing and competition policy settings in India and a selection of other important developing and emerging countries (Brazil, Russia, China and South Africa). Emphasis will be focused on identifying relevant policy objectives, policy reform processes and the 'market failure' principles driving those changes in order to facilitate analysis and debate in relation to the necessary elements of competition policy framework that might realistically apply in India.
2. To undertake a policy comparison across those same developing countries of trends in agricultural sector regulation more broadly in order to identify and assess efforts being made to facilitate farm level adjustment in response to less regulated international trading arrangements.

3. Using the country comparisons and an appropriate public policy framework, to undertake 2-3 industry case studies which identify current policy settings and how an alternative competition policy and regulatory reform initiatives would apply. The focus of these studies will be (i) wheat in Punjab; and (ii) horticulture products in West Bengal (rice may be studied in Andhra Pradesh).

4. To formulate a set of policy recommendations that guide and provide options for the introduction of necessary competition and regulatory reforms.

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## Planned impacts and adoption pathways

Time to impact is 1-5 years which requires (a) a high level of project acceptance by the Indian Government and (b) close involvement by ACIAR and project partners. Marketing systems in various state of India are shifting away from monopolistic/government regulated wholesale markets. This together with national and global agribusiness developments is putting added uncertainties on Indian smallholders seeking to enter the market with reasonable competitive returns.

This research partnership will deliver results in terms of problem identification; analysis of current impediments to reform; the development of viable solution in an Indian context; the dissemination of options for policy reform to decision makers and the attendant capacity building resulting from close interactions in the project between collaborative agencies in Australia and India. This domestic reform process may well have future application in third countries if successful in the Indian policy environment.

As with many policy initiatives adoption will be transitional but Indian farmers are urgently in need of alternative marketing outlets to improve their market negotiating capacities. Well implemented competition policy and associated institutional structures will be conducive to achieving early progress on efficient market structures and consequent enhancement of competitive farming systems enabling policy makers to facilitate less regulated commodity markets.

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## Scientific impacts

- By assisting in the development of well functioning agricultural commodity markets, commodity prices will better reflect India's production advantages which in turn will help in directing research and extension to areas of high 'pay-off'.
- By identifying policy and regulatory impediments to farmer adjustment new insights will be provided into factors influencing technology adoption.

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## Capacity impacts

- The project will enhance the capacity of India's and Australia's policy makers to evaluate the efficiency of future policy settings. The cross fertilisation of policy experience and analytical approaches will provide job related capacity enhancement for the Indian project managers. Australian participants will also benefit from experience in an applied developing country policy setting situation which should be applicable to other Australian regional partners with suitable recognition of local potential for policy reform.

## Community impacts

### Economic impacts

- Increased farm incomes attributable to improved market functionality and transparency in the price formation process will assist in safeguarding smallholder livelihoods by reducing the incidence of unconscionable market behaviour.
- Commodity prices more closely reflecting consumer and market preferences will offer smallholders clearer and more sustainable future production pathways. This will improve decision making at the farm level in line with market requirements communicated through the more transparent pricing system.
- More efficient resource use will translate into increased farm sector productivity, higher incomes and improved living standards.
- Higher farm incomes and clearer market signals will combine to facilitate increased adoption of new technologies and sustainable farming practices, which in turn will enable India's comparative production and trade advantages to be realised.
- More efficient levels of private investment in agribusiness, infrastructure and marketing will reduce production costs, increase farm sector competitiveness and provide the basis for an increased and more diverse range of production and marketing opportunities for farmers. This further enhances the competitive potential of India's farm sector.
- By helping to address domestic constraints to trade liberalisation and 'behind-the-border' issues that impact on trade and commerce, the project is consistent with Australia's trade related interests and the emerging priorities of APEC, which is interested in enhancing prospects for trade reform and regional economic integration.

### Social impacts

- As well as increasing the welfare standards of farm families, increased farm incomes will support larger and more vibrant regional communities and secondary industries. This will reduce country/city migration and associated social costs. Over time employment opportunities in regional off farm occupations to supplement farm incomes would be reasonably expected.
- A more profitable farm sector will provide enhanced employment prospects to those farm families exiting farming.
- Higher farm incomes and a more profitable farm sector will see the agricultural sector expand, increasing its capacity to meet India's food security requirements and helping in the development of an economy better able to afford the provision of social services.

### Environmental impacts

- Increased farm incomes increase the capacity of farmers to invest in more environmentally sustainable farming practices and new technologies. A move into profitable market or quasi-market operations also provides added incentives to adopt sustainable farm systems.

- More efficient domestic policy settings will be those with fewer unintended side-effects. For example, poorly designed agricultural sector policies, such as price support and subsidy arrangements have resulted in excessive pressures being imposed on India's resource base.
- Further gains will be in the form of more price driven and rational usage of land, water and fertilisers.

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## Communication and dissemination activities

The NCAER will provide a critical link to key agencies of the Indian Government with the adoption pathway being through the Steering Committee membership and through the development of effective working relationships with key agencies and their proactive participation in proposed 'working meetings' and project workshops. Information preferences will be closely considered directly with those cooperating agencies and ongoing support will be provided by both the NCAER and NSW DPI to the Advisory Committee membership.

Key agencies at the centre include the Department of Agricultural Marketing, the Ministry of Agriculture, various national level state trading agencies including the Food Corporation of India and the National Agricultural Cooperative Marketing Federation (NAFED), and the Commission for Agricultural Costs and Prices (CACP). The agricultural marketing departments at state government level will also be engaged.

Potential also exists for that network to be strengthened and maintained through ongoing education and training links with the Australia and New Zealand School of Government.

The timely nature of this project will engender interest for results and perspectives to be delivered at the workshops and at relevant conferences as information is forthcoming. It is highly topical and hand picked conference deliveries will be taken up.

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## Operations

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### Methodology

The project will be undertaken in two parts.

**Part A addresses objectives 1 and 2 and will be undertaken between April 2008 and June 2009.**

**Objective 1.** Marketing policy settings in India and in a selection of other developing countries (Brazil, Russia, China and South Africa) will be identified and documented to develop a shared understanding of relevant policy change processes and the public policy ('market failure') principles driving those changes. The objectives of those regulatory and institutional arrangements in those countries which aim to address anti-competitive market outcomes will be identified to facilitate debate of the necessary elements of India's competition policy framework.

**Objective 2.** A similar approach to that outlined for Objective 1 will be used to undertake a policy comparison across the same developing economies of trends in agricultural sector regulation more broadly in order to identify efforts being made to facilitate farm level adjustment in response to less regulated international trading arrangements.

Documenting competition and regulatory policy developments in these countries will be a significant task and previous work will be drawn upon where possible. Important areas of emphasis will be to identify policy trends in relation to the regulation of commodity prices, the application of competition law, and policies which significantly impact on the prices of, and access to, key production inputs.

Moving from regulated commodity prices and marketing arrangements to the application of competition law is a particular interest of the NCAER in terms of identifying developing country trends and the introduction of competition law to India's agricultural sector. Consideration of these issues will be facilitated by the involvement of Prof. Allan Fels AO, Dean of the Australia and New Zealand School of Government and previously Chairman of the Australian Competition and Consumer Commission. Taking into account trends in competition law in other developing countries, Prof Fels would be drawn upon to provide advice on the progressive development of a competition policy regime for India. This qualitative analysis will be undertaken on the basis of established and tested market economic principles adjusted to meet the particular characteristics of India's reform pathways. The capacity to draw meaningfully on experiences in other countries (including Australia) will be instrumental to the exercise.

**Part B addresses objectives 3 and 4 and will be undertaken between January 2009 and September 2010.**

**Objective 3.** Using the country comparisons and an appropriate public policy framework, a series of industry case studies will be undertaken which identify the efficiency costs associated with current statutory marketing settings and how alternative competition policy and regulatory reform initiatives would apply. The focus of these studies will be confined to wheat in Punjab and horticultural products in West Bengal. Wheat is a major commodity in NW India, and this choice links well with several other ACIAR projects, aligns well with ACIAR's strategy in NW India, and also underpins the increasing role of wheat exports from Australia to India. Vegetables in West Bengal offer the opportunity to link with another ACIAR project on water harvesting (LWR/2002/100), where vegetables grown in the rabi season on harvested water is emerging as a major cash generation opportunity for subsistence farmers in West Bengal. Where possible, quantitative assessment (using partial equilibrium techniques) will be undertaken of the economic impacts (efficiency costs) of commonly-used policy instruments utilising observed data together with relevant elasticities. Attention will also be given to using trade restrictiveness indices.

**Objective 4.** Formulation of a set of policy recommendations and options that guide the introduction of necessary competition and regulatory reforms. These recommendations will draw on the findings associated with the first 3 project objectives. Policy options will be developed that allow decision makers to understand the net gains from particular lines of action. There will be reflections on short and longer term implications of the action options including identification of the main beneficiaries and losers from the reform suggestions. Decision makers will always require such a breakdown to understand the potential economic and political impacts of alternative decision scenarios.

## Activities and outputs/milestones

### *Preliminary: Project development.*

| no. | activity/task  | outputs/<br>milestones   | due date of<br>output/<br>milestone | risks /<br>assumptions  | applications of<br>outputs  |
|-----|--|--|-------------------------------------|---|---|
| 1.1 | Establish and conduct collaborator, govt. stakeholder and Steering Committee meetings – Delhi. | 1. Delhi meeting completed.<br>2. Project revised based on stakeholder feedback. | July 08<br><br>July 08              | Advisory Committee operating and linkages developed to key government agencies. | Access to policy makers who will participate in and help shape the project and use its results. |

PC = partner country, A = Australia

### *Objective 1: To identify and document agricultural marketing and competition policy settings in India and a selection of other developing countries (Brazil, Russia, China and South Africa).*

| no. | activity/task   | outputs/<br>milestones                                    | due date of<br>output/<br>milestone | risks /<br>assumptions  | applications of<br>outputs   |
|-----|---|---|-------------------------------------|---|--|
| 1.1 | Gather/collate policy information across a selection of developing countries. | 3. Competition policy comparison report - draft complete. | Dec 08                              | Report focus is on selected developing countries.<br><br>Information access may be variable.<br><br>Engagement with key policy making agencies important. | Drawing together developing country policy settings with a focus on objectives, instruments and market failure principles provides the basis for a rigorous evaluation of competition policy settings and promotes debate by policy makers and stakeholders.<br><br>Provides basis to enhance capacity of India's policy makers to develop efficient policy settings.<br><br>Encourages policy makers to consider the 'role of government' and associated public benefit concepts. |

PC = partner country, A = Australia

**Objective 2: To undertake policy comparisons across the same developing countries of trends in agricultural sector regulation more broadly in order to identify and assess efforts being made to facilitate farm level adjustment.**

| no. | activity/task   | outputs/<br>milestones  | due date<br>of output/<br>milestone | risks /<br>assumptions                                | applications of<br>outputs   |
|-----|---|---|-------------------------------------|---|--|
| 2.1 | Document and categorise India's and other developing country agricultural marketing and competition policy settings. The analysis of applicability of inter-country comparisons is included in this activity given the variable circumstances across countries. | 4. Regulatory settings comparison report - draft complete. Milestones 3 and 4 combined to form draft Stage 1 Report.  | Feb 09                              |   |  |
| 2.2 | A. Fels engaged to assess trends in the application of competition law in developing countries and in India specifically.   | 5. Advice provided on appropriate development path for India's competition policy regime with emphasis on agriculture. Advice also informs case study analysis. | Dec 08                              |   |  |
| 2.3 | Stakeholder Mid-term Project Workshop and Steering Committee Meeting.   | 6. Mid-term w/shop and Steering Committee meeting to maintain stakeholder engagement and to inform Stage 2.   | April 09                            | Engagement with key policy making agencies important. | This component further builds the capacity of policy makers to apply public policy principles to regulation and to develop insights into the interrelationship between competition law and the broader policy and regulatory settings of government. |
| 2.4 | Stage 1 Report finalised.   | 7. Final Stage 1 Report to ACIAR.   | June 09                             |   |  |

PC = partner country, A = Australia

**Objective 3: Using the country comparisons and an appropriate public policy framework, to undertake 2-3 industry case studies which identify current policy settings and how an alternative competition policy and regulatory reform initiatives would apply**

| no. | activity/task   | outputs/<br>milestones  | due date<br>of output/<br>milestone | risks /<br>assumptions  | applications of<br>outputs  |
|-----|---|---|-------------------------------------|---|---|
| 3.1 | Identify and document statutory marketing arrangements that apply to wheat and horticultural products as well as other regulation that may impact on farm adjustment.                       | 8. Draft report chapter on relevant regulatory settings complete.   | July 09                             |   | Preparatory research required for stages 3.2 and 3.3.   |
| 3.2 | Assess stated objectives of those arrangements against 'market failure' principles and assess whether those objectives can be addressed through less competition restricting arrangements . | 9. Draft report chapter describing relevant public policy principles and their application to wheat and horticulture regulation complete. | Dec 09                              | Engagement with key policy making agencies important.<br>Participation by industry leaders and marketing agencies required. | An important component of the project in terms of developing a shared understanding of relevant public policy principles with policy makers and developing insights into the relationship between competition law and the broader policy and regulatory settings of govt. |
| 3.3 | Where possible, quantitatively assess the efficiency costs of current arrangements to support the introduction of alternative competition policy provisions.                                | 8. Case studies complete.   | Feb 10                              | Availability of necessary price and quantity data over an appropriate period.   | 3.1, 3.2 and 3.3 outputs combined to form preliminary draft Stage 2 report.   |

PC = partner country, A = Australia

**Objective 4: To formulate a set of policy recommendations with options that guide the introduction of necessary competition and regulatory reforms**

| no. | activity/task   | outputs/<br>milestones  | due date<br>of output/<br>milestone | risks /<br>assumptions   | applications of<br>outputs   |
|-----|---|---|-------------------------------------|--|--|
| 4.1 | Stakeholder engagement - working meetings with key agencies.  | 9. Stakeholder working meetings, as required, throughout project. | July 08 - May 10                    | Open access to decision makers and policy advisers necessary to achieve joint ownership and understanding  | The presentation of well assessed policy options that are persuasive in terms of net gains from the adoption of competition principles in a practical market setting.  |
| 4.2 | Case study analyses and feedback from working meetings amalgamated into draft Stage 2 report  | 10. Milestones 8 and 9 combined to form draft Stage 2 Report.     | May 10                              |  |  |
| 4.3 | Final workshop/Steering Committee meeting on policy approach, learnings and outcomes - Delhi.   | 11. Final project workshop around March/April 2010 completed      | June 10                             | Engagement with key policy making agencies important.  | Workshop will be instrumental in delivering an option(s) and pathway towards adoption of effective competition policy and associated market deregulation. Recognition of Indian policy constraints and scope to meet these hindrances while securing beneficial changes needs a suitable level of finesse to retain political interest |
| 4.4 | Stage 2 Report Finalised.<br>This activity will critically draw together the findings of earlier activities and stakeholder discussions. To secure adoption policy options developed in the report will allow decision makers to understand the net gains from particular lines of action. There will be reflections on short and longer term implications of the action options including identification of the main beneficiaries and losers from reform suggestions. | 12. Final Stage 2 Report to ACIAR.                                | Sept 10                             | Decision makers understand the potential economic and political impacts of alternative decision scenarios in a dynamic domestic and international trade environment. International experiences must be used to illustrate the risks and rewards. | Follow on communication to secure adoption will be reviewed  |

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