

: With the Supreme Court coming down on the telecom regulator, Trai, while cancelling 122 licenses issued by A Raja, it is clear regulatory overhaul lies at the heart of any attempted clean up. For whatever reason, so-called independent regulators have chosen to go along with those in power politically. If Trai gave a wishy-washy recommendation that helped Raja in 2008, electricity regulators across the country are solely to blame for the huge losses in the sector as they did not insist on hikes in power tariffs for years—indeed, while the law mandates open access, the regulators chose to go along with incumbent state electricity authorities which were against this.

To that extent, the Group of Ministers (GoM) has done well to clear a proposal to keep the administrative ministry away from the selection of regulators. So, if a new Trai chief is to be selected, the telecom ministry will not be involved in the process in any way. That's a good step since, in the past, the involvement of line ministries has ensured regulators often tend to be ex-bureaucrats from the ministry. The GoM, however, hasn't gone far enough. The Planning Commission had drafted a Bill on this way back in April 2009, and many of the proposals need to be implemented. Apart from getting the regulator to report directly to Parliament, the Planning Commission recommended that, subject to broad policy guidelines issued by the line ministry, the regulator be given the power to issue licenses and to monitor them—in the 2G case, this means A Raja would not have been giving out licenses. So not only would there be greater transparency, any decision by a regulator can be challenged at the appellate tribunal—by contrast, decisions by the government can rarely be challenged, the Raja case being a rare exception. Since the regulator would be reporting to Parliament, MPs in sub-committees would monitor its functioning. In addition, the regulator was supposed to submit annual performance reports to Parliament, lay down goals that are to be met and then detail how these were actually met. The Bill had some shortcomings—the power to remove regulators was open to abuse for instance—but these were easily overcome. The GoM would do well to go back to the draft Bill and examine its main features.