

India's Consumer Unity and Trust Society (CUTS) Aims to Develop Links with the UN, World Bank, UNCTAD

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*In this interview, **Pradeep Mehta** who is the founder Secretary General of the Jaipur-based **Consumer Unity and Trust Society (CUTS International)**, talks about the establishment of his organization, its geographical spread, the challenges it has faced over the years and future perspectives.*

Established in 1983, the Jaipur-based Consumer Unity and Trust Society (CUTS International) is a leading economic policy research, advocacy and networking, non-governmental group in India, with offices in Nairobi, Lusaka, Hanoi, Accra, Geneva and Washington DC.

Besides working for his organization, Pradeep Mehta is an honorary Adviser to the Commerce and Industries Minister of India, Trade, Commerce and Industry, Minister of Zambia and to the Director General of the World Trade Organization (WTO). In spite of his heavy working schedule, he found time to discuss a few business issues with Kester Kenn Klomegah. Here are the interview excerpts.

Kester Kenn Klomegah: How did the founders come about the unique idea to establish CUTS International as a non-profit NGO? What were some of the driving factors?

Pradeep Mehta: The genesis of CUTS International can be found in the importance of communication in influencing the political economy of growth and development. A monthly wall newspaper 'Gram Gadar' (Village Revolution) was launched by CUTS in the very beginning in 1983 which became a means for people in rural areas to access information about government schemes and programmes meant for them and their rights. The wall newspaper is still published regularly and has been instrumental in providing a forum for the oppressed classes to get justice. This wall newspaper, in earlier days, was followed by several campaigns like virulent coin shortage, medical negligence and compensation, and many more supporting consumer rights and protection issues.

Campaigns around issues which affect a common person helped people appreciate their rights as consumers. One successful campaign was run on shortage of sticks in match boxes. Match box is a commodity used by the poorest of the poor and richest of the rich. The average shortage was 15% and many of sticks either did not have a proper head or too large. The price of the match box is really small. However, the campaign pitched the total turnover in India which was around Rs. 20 million and hence the annual loss to a consumer

was around Rs. 3.00 million, which everyone could relate to.

One of the main driving factors for CUTS International was the existence of socialism in India. Other than 'Gram Gadar' and the campaigns, which got excellent response and recognition, one of the key drivers for the formation of CUTS International was an amendment in 1984 in the Monopolies & Restrictive Trade Practices Act (MRTPA), 1969 in India to cover unfair trade practices which mainly included misleading advertising and other deceptive practices, which are broadly understood as consumer protection issues. CUTS brought forward many complaints, including the matchbox case, before the Monopolies and Restrictive Trade Practices Commission and succeeded in many cases which resulted in pro consumer policy changes.

There was no organized consumer movement in the state of Rajasthan then, which led to the establishment of CUTS, which was registered in June 1984.

The second driver which resulted in expanding our work on trade and economics was our participation in the triennial conference of the International Organization of Consumer Unions (now renamed as Consumers International) in July 1991 in Hong Kong. Here two hot topics were discussions on the Uruguay Round of GATT talks which was ultimately signed as World Trade Organization in April 1994 and the Code of Conduct for Transnational Corporations. There were a few sessions on these issues which were dominated by Northern Consumer Groups while those from the South, such as CUTS, from India were clearly out on a limb. This led to the realization that these issues will have to be dealt with as they will have an impact on the developing world also.

Following that, CUTS, with the support of Friedrich Ebert Stiftung, floated the South Asia Watch on Trade, Economics and Environment (SAWTEE), a network of CSOs in South Asia in 1994 to build capacity to cope with the pains of transition arising from globalization and the WTO. This initiative led to the establishment of the CUTS Centre for International Trade, Environment and Economics on demands made by African CSOs at UNCTAD IX in Midrand, South Africa in June 1996 to help them in capacity building on global economic issues and expand South-South Cooperation among the Civil Society.

Noted trade economist, Jagdish Bhagwati agreed to chair the Advisory Board. Following that SAWTEE was transferred to Nepalese partners, who registered the organization in Kathmandu. Because of legal limitations, they could not have a board with non-Nepalese citizens and thus they established an Advisory Board and elected CUTS Secretary General, Pradeep S. Mehta, its chairman. SAWTEE is now a well-established independent NGO working on trade and development issues in Nepal and the South Asia region. It was established in 1997 and registered in 1999,

In April 2000, UNCTAD organized the 'Asia Pacific Regional Seminar on Competition Law and Policy' in Jaipur in partnership with CUTS and the MRTP Commission. At this meeting, representatives of DFID, World Bank, UNCTAD and WTO got together and agreed to support CUTS International in its first ever overseas project on assessing competition law reforms in seven Commonwealth developing countries of Asia and Africa. For more please visit our website: www.cuts-international.org.

KKK: Since its establishment, which of the marked achievements you are most passionate with here?

PM: Well as mentioned above, our very first initiative 'Gram Gadar' was revolutionary, so much so that it reached the most remote rural areas in Rajasthan state and the response was very motivating to do more good for the society. The consumer protection work that CUTS International supported was also acknowledged in a big way by media well as policy makers and led to policy changes. For example the Consumer Protection Act, 1986 in India, just after the adoption of the UN Guidelines on Consumer Protection, 1985.

Perhaps the most marked achievement has been the formulation of competition laws in nearly 30 developing countries after the arrival of the WTO in 1995. Until then only about 35 countries had a competition law, but today the number has crossed 140 and counting. This included countries like India, South Africa, Tanzania, Zambia, Pakistan, Sri Lanka and Kenya which scrapped their old competition law and adopted a total new and modern one. CUTS is rightfully the catalyst for this change other than many developing countries adopting a competition law for the first time.

All this was achieved in spite of opposition from both left wing and right wing forces. Since a Multilateral Competition Law was an issue being discussed at the WTO and it was opposed by several developing countries supported by leftist forces, countries like Malaysia, Bangladesh dragged their feet.

On the other hand, right wing forces believed that a competition law would be a hurdle to business and trade policy is sufficient to promote competition in the market place. Today, both Malaysia and Bangladesh have competition laws and have taken CUTS technical assistance to implement their laws. CUTS has also provided technical assistance to many other developing country government agencies, including India. One can read more about some of the pioneering cases in our [publication](#).

KKK: Why Asian and African regions have become important, what directions are particularly attractive in the continent for CUTS International?

PM: As stated just above, we became international by working on competition regime in seven Commonwealth developing countries in Asia and Africa. We also worked on trade policy issues with the civil society and governments in the two continents. For example, governments in India, Kenya and Zambia have associated CUTS with their trade policy apparatuses.

On the other hand, many NGOs and think tanks in Asia and Africa reached us seeking support to develop their capacity and that looked like a good opportunity to promote our mission and build a network of like-minded organizations and also for promotion of South-South cooperation among the civil society. Our deep work on trade, investment, competition and development issues in Africa led to being consulted by the African Union Commission and the United Nation Economic Commission for Africa on competition and investment provisions in the African Continental Free Trade Area (AfCFTA).

KKK: Specifically, what are your views about the investment opportunities for foreign investors in Africa region?

PM: Investment opportunities are good, it is a growing region. The current Covid-19 pandemic has certainly caused a setback but that is for the whole world.

KKK: What advice would you offer to potential investors who are considering pursuing

business, say, in Asia and Africa?

PM: My advice is to have patience, things move slowly in Africa. The word 'deadline' does not exist in their dictionary and governance deficit is high. Despite all this, opportunities are good.

KKK: What challenges still remained to overcome in your company's operations? Is Asia easier than Africa in doing business?

PM: We did not face any particular challenges in expanding our operations. I think mostly because we work on areas where there is a vacuum and/or much space. On your other question, my answer is 'No', both Asia and Africa are the same.

KKK: In what ways would you argue that, despite the difficulties, Africa is unique for business for China? And that compared to other foreign players in Africa?

PM: Chinese have deep pockets and have a big appetite for natural resources. Aided by the governance deficit in Africa, the Chinese are able to work on highly profitable ventures easily. Compared to Chinese investors, western investors are already there since the colonial times but have not gone deeper. Further, they are also prevented by their laws to indulge in corruption abroad. As far as India is concerned, it has excellent historical ties with all African countries and is providing software support in terms of capacity building etc. It is not competing against China's exposure in hardware projects, though also providing technical support to many African countries.

KKK: Do you cooperate with international institutions, and which foreign countries are involved in the company?

PM: Yes definitely, we do cooperate and associate with World Bank, United Nations, UNCTAD, OECD and in our mission to promote consumer sovereignty we have received support as well from foundations such as Ford Foundation, Asia Foundation, MacArthur Foundation, NOVIB, HIVOS and international Institutions and NGOs such as Oxfam. We also get support from government agencies in UK, Norway, Sweden, USA, India, Finland, Switzerland, Germany, France etc.

KKK: Entrepreneurship is very challenging. What keeps you motivated working for this NGO? And the future vision for CUTS International?

PM: Being the founder Secretary General of CUTS International, I have had a very satisfying period working for CUTS since its establishment in 1983 in India, which continues until now. In particular, the way we were able to connect the voices and concerns at the grassroots with the policy landscape and amplify its reach at an international level, and achieving positive changes was very motivating. We were able to connect Institutions and build capacities of different agencies helping them to achieve phenomenal success and that keeps me further motivated.

At a personal level to change to nonprofit work from for profit work in 1990 was highly satisfying and self-actualizing. For seven years before that, I was a volunteer at CUTS struggling to establish it as a sound research and advocacy group. I gave up my business career to devote full time to CUTS because I realized that without full time attention one cannot achieve progress. Besides, we did not have such funding to engage professionals.

CUTS future vision is to grow as a civil society-UNCTAD and expand the capabilities in the sphere of trade, regulation and good governance, our three verticals, across the global South and international capitals, such as Geneva, Washington, Bangkok, Nairobi, Santiago and so forth.

Towards achieving this vision, CUTS has initiated the process of institutionalizing its learnings. In pursuing this agenda, we are a rare Southern NGO which has established centres in three regions of Africa, one in Hanoi and one each in Geneva during 2000s and Washington DC in 2018. Each of these centres are registered under local laws and under a local board with either one or two representatives from CUTS India. In India, it operates out of three centres.

Another successful initiative was to establish an independent CUTS Institute for Regulation and Competition in New Delhi in 2008 as a dedicated centre for law and economics. Another initiative on the anvil is setting up CUTS Institute of Rural Development and Empowerment in Jaipur, Rajasthan. This will be an experiential platform linking grassroots to classrooms and vice versa.

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