

MINUTES OF THE SPECIAL MEETING OF THE GENERAL BODY
OF
FORUM OF INDIAN REGULATORS (FOIR)
HELD IN KOCHI ON 11TH DECEMBER, 2014

VENUE : HOTEL ABAD PLAZA, KOCHI.

LIST OF PARTICIPANTS : AT ANNEXURE-I (ENCLOSED)

The Special Meeting of the General Body of the Forum of Indian Regulators (FOIR) was inaugurated by Shri S. Krishnan, Chairperson, PNGRB / Hony. Chairman, FOIR. Shri Gireesh B. Pradhan, Chairperson, CERC / Hony. Vice-Chairman, FOIR, in his welcome address, observed that many meetings, conferences, workshops were conducted by the Forum since its inception in 2000, wherein several issues confronting the regulatory sector were deliberated and best practices in various verticals of the regulatory sector were shared. He also briefly mentioned about the concept of Regulatory Research Institute which has been approved by the Governing Body and informed that details in this regard would be presented by the FOIR Secretariat during the meeting.

Shri S. Krishnan, Chairperson, PNGRB / Hony. Chairman FOIR, in his keynote address highlighted the critical role of the regulators, especially in the infrastructure sector. He stated that the common philosophy of the

regulators cutting across different sectors has been to act as the binding force in the midst of competing demands of the stakeholders. The regulators understand the dynamics of the markets and they continuously make efforts to ensure that as per provisions of the statute, the regulations are modified from time to time to meet the demands of the changing scenarios and to ensure maximization of social benefit. He expressed his gratitude for being honoured with the responsibility of chairing the FOIR, which brings together a galaxy of experts.

2. After the address by Hony. Chairman, FOIR and Hony. Vice-Chairman, FOIR, the Agenda Item was taken up for discussion.

AGENDA ITEM : ESTABLISHMENT OF REGULATORY RESEARCH INSTITUTE (RRI).

In pursuance of the decision of the Governing Body for establishment of RRI and various options to meet budget requirements for RRI were placed for discussion and decision of the General Body.

A detailed presentation was made by the FOIR Secretariat on the agenda item (enclosed as Annexure-II).

The Forum discussed various possibilities relating to the following issues :

1. Time frame for inclusion of research on regulatory issues as one of the main activities of RRI.
2. Contribution from Member Bodies for creating a corpus fund through one-time contribution.
3. Creation of library facility
4. Capability of North Eastern SERCs to meet the additional subscription fee.

Subsequent to detailed deliberations on the matter, the Forum arrived at the following decisions by consensus :

1. An Institute to be called as “Regulatory Research & Training Institute (RRTI)” may be established under the aegis of the Forum of Indian Regulators, initially for a period of two years on pilot basis.
2. CERC may be requested to host the RRTI in their premises during the above period.

3. During the pilot phase and till further directions, RRTI may carry out activities relating to training only.
4. The budget requirements for running of RRTI for the first two years may be met out partially utilizing FOIR Funds available under the budget heads of “Reserves & Surplus” & “RTI” and the additional fund generated through increase in subscription fee of Member bodies.
5. Remaining part of the budget requirement to be met by increasing Membership fee from the present level of ` 1.00 Lac. per annum to ` 2.00 Lacs. in respect of NE State ERCs and Academic / Research Institutes and ` 2.50 Lacs. per annum to ` 4.00 Lacs. per annum for other members.
6. Some Members felt the need for creation of corpus fund for RRTI through one time contribution from the member bodies for the purpose. It was decided that Members desirous of making one-time contribution towards RRTI Corpus Fund, may do so.

7. Expenditure towards training modules conducted by RRTI may be met out of the fee received from participants of the programme.
8. A special dispensation in the form of a concessional package for covering the costs of trainees from NE States may be extended in all training programmes to be conducted by RRTI.
9. During the pilot phase of RRTI and till establishment of regular library for the Institute, the library facility of CERC may be utilized.
10. Governing Body is authorized to take decisions relating to appointment of Officers and Staff for RRTI.

Ms. Shubha Sarma, Secretary, CERC / Executive Secretary, FOIR proposed vote of thanks. She conveyed deep appreciation to the staff of FOIR Secretariat for their arduous efforts at organizing the meeting.

The meeting ended with a vote of thanks to the Chair and all Members present.

LIST OF PARTICIPANTS ATTENDED
THE SPECIAL MEETING OF THE GENERAL BODY
OF
FORUM OF INDIAN REGULATORS (FOIR)
HELD AT
HOTEL ABAD PLAZA, KOCHI

(11th December, 2014)

S. No.	Name	Designation
1.	Shri S. Krishnan	Chairperson, PNGRB & Hony. Chairman, FOIR
2.	Shri Gireesh B. Pradhan	Chairperson, CERC
3.	Shri Digvijai Nath	Chairperson, APSERC
4.	Shri Umesh Narayan Panjiar	Chairperson, BERC
5.	Shri Narayan Singh	Chairperson, CSERC
6.	Shri P.D. Sudhakar	Chairperson, DERC
7.	Shri Pravinbhai Patel	Chairperson, GERC
8.	Shri Jagjeet Singh	Chairperson, HERC
9.	Shri Subhash Chander Negi	Chairperson, HPERC
10.	Shri Basharat Ahmad Dhar	Chairperson, J&KSERC
11.	Shri Justice (Retd.) N.N. Tiwari	Chairperson, JSERC
12.	Shri S.K. Chaturvedi	Chairperson, JERC for Goa & all UTs except Delhi
13.	Shri M.R. Srinivasa Murthy	Chairperson, KERC
14.	Shri T.M. Manoharan	Chairperson, KSERC
15.	Shri Anand Kumar	Chairperson, MSERC
16.	Shri Donray A. Shishak	Chairperson-cum-Member, NERC
17.	Shri Satya Prakash Nanda	Chairperson, OERC
18.	Shri Ismail Ali Khan	Chairperson, TSERC
19.	Shri V.K. Sood	Ex-Chairperson, DERC
20.	Dr. Vinod Kumar Garg	Ex-Chairperson, JERC for Goa & all UTs except Delhi
21.	Shri C. Balakrishnan	Ex-Chairperson, KSERC
22.	Shri A. Balraj	Ex-Chairperson, TNERC
23.	Shri A.K. Singhal	Member, CERC
24.	Shri A.K. Bakshi	Member, CERC
25.	Dr. Rajani Kanta Gogoi	Member, AERC
26.	Shri Dipak Chakravarty	Member, AERC
27.	Shri S.C. Jha	Member, BERC

28.	Shri J.P. Singh	Member, DERC
29.	Shri B.P. Singh	Member, DERC
30.	Dr. M.K. Iyer	Member, GERC
31.	Shri M.S. Puri	Member, HERC
32.	Shri Sunil Verma	Member, JSERC
33.	Shri H.D. Arun Kumar	Member, KERC
34.	Shri D.B. Manival Raju	Member, KERC
35.	Shri Mathew George	Member, KSERC
36.	Shri K. Vikraman Nair	Member, KSERC
37.	Shri A.B. Bajpai	Member, MPERC
38.	Shri Alok Gupta	Member, MPERC
39.	Shri Sivapada Swain	Member, OERC
40.	Shri Aswini Kumar Das	Member, OERC
41.	Shri Gurinder Jit Singh	Member, PSERC
42.	Shri Raghuvendra Singh	Member, RERC
43.	Shri L. Manohar Reddy	Member, TSERC
44.	Shri H. Srinivasulu	Member, TSERC
45.	Shri I.B. Pandey	Member, UPERC
46.	Shri C.S. Sharma	Member, UERC
47.	Shri K.P. Singh	Member, UERC
48.	Shri P.K. Bishnoi	Member, PNGRB
49.	Shri G.S. Rajamani	Ex-Member, CERC
50.	Shri P. Krishnamoorthy	Ex-Member, CERC
51.	Shri V.S. Verma	Ex-Member, CERC
52.	Shri Subhash R. Sethi	Ex-Member, DERC
53.	Shri K. Srinivasa Rao	Ex-Member, KERC
54.	Shri K.K. Garg	Ex-Member, MPERC
55.	Shri A. Velayutham	Ex-Member, MERC
56.	Shri S.B. Kulkarni	Ex-Member, MERC
57.	Shri R. Rajupandi	Ex-Member, TNERC
58.	Shri V.K. Khanna	Ex-Member, UERC
59.	Shri R.D. Gupta	Ex-Member, UPERC
60.	Ms. Shubha Sarma	Secretary, CERC
61.	Shri Sushanta K. Chatterjee	Joint Chief (Regulatory Affairs), CERC

Establishment of Regulatory Research Institute

Forum of Indian Regulators

11.12.2014

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- Background
- Objectives of RRI
- Proposal: Functions / Structure
- Options & Alternatives for Establishment of RRI

Background

- Governing Body (GB), FOIR identified following challenges facing Regulatory Commissions:
 - Dearth of manpower for regulatory bodies
 - Capacity Building requirements of regulatory staff
- GB constituted a Working Group to study capacity building requirements of Regulatory Bodies
- A Consultant was appointed for the study
- AGM endorsed the Study Report which inter alia provided for a framework of Regulatory Research Institute (RRI)

Accepted Recommendation on RRI

- One of the recommendations in the Report

“The regulators could consider the option of setting up a dedicated institute to focus on research and capacity building for the regulators on the lines of National Regulatory Research Institute under NARUC in the USA.

*This institute, apart from catering to the **research needs** of the regulators, needs to conduct regular **training programs** and workshops to keep the regulators updated on the latest and best practices internationally. The institute shall also take up **consulting assignments** for the regulators and also provide **expert advice to the regulators** on specific matters.”*

International Institute on Similar lines

National Regulatory Research Instt. (NRRI), USA

- Founded in 1976 by NARUC, USA
- NRRI includes research wings in Electricity / Telecom / Natural Gas / Water etc.
- Funding from State Commissions / contract services
- Functions:
 - Identify regulatory challenges – current / future
 - Create new knowledge to meet the challenges
 - Access to existing knowledge
 - Opinion leadership on quality of regulation

National Institutes on Similar Lines

Accounting Research Foundation (ARF), ICAI, India

- Founded in 1999 by The Institute of Chartered Accountants of India (ICAI)
- Objective to develop quality pronouncements, documents, research paper on the subjects of accounting, auditing, etc.
- Functions include
 - Undertake, promote and provide facilities for prosecuting core, fundamental, empirical, applied and other kinds of research work and projects and studies
 - Organise and sponsor training programmes, study courses, lectures, meetings, workshops, seminars, conferences and symposia
 - Prepare and publish, papers, periodicals, magazines, books, journals
 - Create and maintain a world-class store house of knowledge and information.

National Institutes on Similar Lines

National Institute of Securities Markets (NISM), India

- Founded by Securities & Exchange Board of India
- To engage in capacity building among the stakeholders in the securities markets through financial literacy, professional education, enhancing governance standards and fostering policy research
- NISM envisions a catalytic role through:
 - Close interface with policy makers and regulators
 - Continuous knowledge creation and dissemination
 - Enabling stakeholders to enhance knowledge, skill and awareness through research based inputs
 - Serving as a role model for other institutions in and outside India to enhance the quality of interaction in securities markets.
- **School for Investor Education and Financial Literacy**
- **School for Certification of Intermediaries**
- **School for Securities Information and Research**
- **School for Regulatory Studies and Supervision**
- **School for Corporate Governance**
- **School for Securities Education**

Objectives of RRI

1. A National level Institute to provide support to the member Regulatory Bodies in the following inter-dependent areas of :
 - a. Research
 - b. Consulting services (pool of resources comprising of sector and functional experts to be drawn by the regulators and also to carry out consulting assignments for regulators)
 - c. Training
 - d. Knowledge management / repository of information
 - e. Knowledge exchange / capacity building
2. To build separate accountability in the form of performance parameters for each of these functions.

Proposal: RRI to start with

1. Training:

- To facilitate access to existing knowledge by generously sharing regulatory framework and knowledge;
- To establish itself as an “academy” of international standard for the purpose of imparting, disseminating, and promoting knowledge related to regulatory aspects from different functional and sector perspectives;
- To organise and sponsor training programmes, study courses, lectures, meetings, workshops, seminars, conferences and symposia either on its own or jointly or at the instance of other persons and entities;
- To engage in capacity building among the regulators and its stakeholders based on research inputs.

Proposal: Structure of RRI

- Initially, on pilot basis for two years
- Experts in the specific / focus areas would be drawn from various Regulatory / Academic / Research / Consulting Organizations,
- To carry out day to day activities of the Institute, the following composition is proposed:
 - Director General (1)
 - Registrar (1)
 - Administrative Officer (1)
 - Support Staff (2)
 - Multi-task Attendants (3)

Options & Alternatives

- The GB analyzed various options for setting up RRI
- Initially for 2 years on pilot basis
 - Option 1: At an independent location
 - Option 2: At CERC Premise
- The GB recommended Option 2 and considered various alternatives to meet Revenue Requirement (RR)
 - Alternative 1: Meet the entire RR by way of enhancement of subscription fee
 - Alternative 2: Meet the RR by partially utilizing reserves & surplus / RTI and partially by enhancement of subscription fee

Options: CERC Premise & Other Location

(Rs. Lacs.)

	At an Independent Location	At CERC Premise
One time Estt. Expdr.	15	15
Recurring Expdr. (1st Year)	160	88
Recurring Expdr. (2nd Year)	177	97
Total Requirement	352	200

Alternative1: Not utilizing reserves

	(in Rs. Lacs.)	
	2015-16 (1st Year)	2016-17 (2nd Year)
Projected Revenue Requirement	103.00	97.00
Utilization of Reserves*	nil	nil
Proposal: Hike in Subscription Fee		
Annual Fee currently paid by NE/Small State ERCs	1.00	1.00
Proposed Annual Subscription Fee (enhancement by Rs. 1 Lac.)	2.00	2.00
Additional Annual Revenue from 6 NE/Small State ERCs	6.00	6.00
Annual Fee currently paid by Other Members	2.50	2.50
Proposed Small Subscription Fee (enhancement by Rs. 3.75 Lac.)	6.25	6.25
Additional Annual Revenue from 27 Other Members	101.25	101.25
Total Revenue Available for RRI	107.25	107.25
Surplus (+) / Deficit (-)	4.25	10.25



Alternative 2: Partially utilizing reserves

		(in Rs. Lacs.)	
		2015-16 (1st Year)	2016-17 (2nd Year)
Projected Revenue Requirement	(A)	103.00	97.00
Proposed Partial Utilization of Reserves* (35% - 37.5%)	(B)	56.50	50.50
Revenue Gap (to be bridged by Hike in Sub. Fee)	(A-B)	46.50	46.50
Proposal: Hike in Subscription Fee			
Annual Fee currently paid by NE/Small State ERCs		1.00	1.00
Proposed Annual Subscription Fee (enhancement by Rs. 1 Lac.)		2.00	2.00
Additional Annual Revenue from 6 NE/Small State ERCs		6.00	6.00
Annual Fee currently paid by Other Members		2.50	2.50
Proposed Annual Subscription Fee (enhancement by Rs. 1.5 Lac.)		4.00	4.00
Additional Annual Revenue from 27 Other Members		40.50	40.50
Total Revenue Available for RRI		103.00	97.00
Surplus (+) / Deficit (-)		0.00	0.00



Thank You