



FORUM OF INDIAN REGULATORS

Report on Webinar

with

Mr. Eric Thomson

Founder, Envelope Economics & Ex-OECD Regulatory expert

on

**"Cost-Benefit Analysis of the Socio-economic and Financial
Impact of Regulations"**

17th June 2020 (Wednesday)

Organized by:

FOIR Centre, IICA



**Indian Institute of
Corporate Affairs**
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Program title: Webinar with Mr. Eric Thomson, Founder, Envelope Economics & Ex-OECD Regulatory expert on "Cost-Benefit Analysis of the Socio-economic and Financial Impact of Regulations"

Program Date & Time:

17th June 2020 (Wednesday)

2:00 – 3:00pm (IST)

Mode of Delivery: Online via Blackboard (LMS)

Speaker profile:

Mr. Eric Thomson

Founder of Envelope Economics & Ex-OECD Regulatory expert

Eric Thomson is the founder of Envelope Economics, a firm specializing in the socioeconomic impact of regulation and government policy. He has over ten years of experience as an economist and regulatory affairs consultant.



Most recently, Eric spent three years at the OECD, where he worked with many countries to improve the governance of their regulatory impact analysis (RIA)

programs. He has also consulted various business groups to assess the impacts of regulations on their sector and the economy as a whole.

Eric worked for RIAS Inc. in Canada, a firm that specializes in regulatory impact analysis. In addition to his collaboration with the Canadian government, he consulted several international business associations to assess the impacts of regulations on their industry and the national economy.

Participant Profile: Regulatory officials from FOIR member organizations, Government officials, academicians and others from the field of regulation.

No. of participants: 113

Participant Categorization:

FOIR Member officials: 27

Other regulatory officials: 6

Academics: 7

Others (lawyers, CS, students etc.): 39

Last minute logins (Unknown): 34

PROGRAM OUTLINE:

The School of Competition Law & Market Regulation and Forum of Indian Regulators (FOIR) Centre at Indian Institute of Corporate Affairs (IICA) successfully conducted a webinar with Mr. Eric Thomson, Founder, Envelope Economics & Ex-OECD Regulatory expert on "Cost-Benefit Analysis of the Socio-economic and Financial Impact of Regulations" on 17th June 2020 (Wednesday). The webinar with Mr. Eric Thomson is the fifth webinar of a weekly webinar series organized by the School of Competition Law & Market Regulation to create awareness on various regulatory concepts, issues and International best practices. The webinar series covers a range of topics from the field of regulatory affairs and market regulation and engages speakers from across the globe including academicians, subject experts and Senior regulatory officials. The participants of the webinar include officials from FOIR member organizations, government officials, academicians and others working in the field of regulation.

PROGRAM FLOW:

The webinar was led by Mr. Eric Thomson, Founder, Envelope Economics & Ex-OECD Regulatory expert on "Cost-Benefit Analysis of the Socio-economic and Financial Impact of Regulations" and moderated by Dr. Abha Yadav, Head, School of competition law & market regulation & Director, FOIR Centre.

The program was initiated with a welcome speech by Dr. Abha Yadav. She introduced the speaker Mr. Eric Thomson and threw light on the relevance of the topic in the current scenario. Dr. Yadav further elaborated the format of the webinar to the participants.

Mr. Eric Thomson explained the concept of Cost-benefit analysis and gave in-depth knowledge on the benefits and limitations of cost-benefit analysis, the process to identify

costs & benefits and how to use all of it together. He covered aspects such as the challenges involved in conducting a cost-benefit analysis and stages of the cost benefit analysis process.

The Cost benefits analysis process was effectively elaborated to the participants by categorization and diagrammatic representation on the topic. Mr. Thomson in his session, elaborated that the cost benefit analysis process has various steps involved, starting from identifying the issue for which the regulations are made and ending with the actual measurement of the risk associated with the proposed regulation, which further becomes the base for taking decisions or adopting a particular regulation by the regulators. Mr. Thomson suggested the below process for conduct of an efficient and effective cost-benefit analysis:

- Specifying the issue and options
- Identifying who is affected
- Determining the baseline
- Identifying the costs & benefits
- Measuring the costs & benefits
- Discounting the values over time, performing a sensitivity analysis/risk assessment
- Making a decision.

Mr. Eric Thomson used a case-based approach and took various examples, one such example being the cost benefit analysis conducted by the Canadian government for a new regulation to be launched for the road and railway safety. The tabular representation in his presentation depicted the results of the cost-benefit analysis with quantifiable impacts of the proposed regulation, which helped the participants gain better understanding of the subject.

Mr. Eric Thomson, in his session took another interesting example of the Vietnam Motorbike Laws, while focusing on the importance of consideration of alternatives to regulation before creation of a new one. He elaborated that the first stage of the cost benefit analysis process is specifying the issue beforehand in order to avoid creation of unnecessary regulations. In his example, he shared with the participants that the Vietnam government in order to increase the impact of an existing regulation of wearing helmets conducted several surveys, and after receiving inputs from the consumers, relaunched the

helmet law and encouraged the producers to provide user-friendly colorful helmets, which increased the enforcement of the helmet regulation drastically. This saved the Vietnam government costs and time in creation of a new law and helped them identify ways to increase the efficiency of an existing one.

Mr. Eric Thomson also shared several tips & tricks for conducting a cost-benefit analysis, some of which are stated as below:

- Focus on most important benefits & costs & may ignore to quantify small impacts.
- Start with secondary sources. (No need to re-invent the wheel).
- Be aware of double counting. (Avoid transaction doubling)

He used diagrammatic representation and case-based approach to explain the concepts of Cost & Benefit analysis to the participants, which was very effective. The session was engaging, and energetic participation was seen in the webinar. Questions were taken up from the participants at the end of the session, which led to a healthy discussion. Mr. Thomson shared several references for the participants at the end of the webinar.

Dr. Abha Yadav moderated the question-answer round, where a series of questions from participants with respect to the distribution impact of cost-benefit analysis, choice of discount rate between private & public rates, non-monetary factors in a cost-benefit analysis, application of cost benefit analysis within Indian regulatory framework, Cost benefit for enforcement of regulations within regulators such as CCI, Methods to evaluate policy decisions, role of having an institutionalized flexibility for any potential uncertainties, Monitoring and feedback mechanisms for mandating cost benefit analysis, Cost benefit analysis & interest group influence etc. were raised by the participants from various regulatory bodies such as Competition Commission of India (CCI) and other participants from the field of regulation, which were effectively answered by Mr. Eric Thomson. Mr. Stephen Gibson, Interim Chair, RPC, UK also raised an interesting question on the use of statistical data in measuring the life expectancy of the population due to the current Covid-19 scenario, to which Mr. Thomson shared his views & explained the usefulness of statistical data for the health regulators in the current scenario.

The participants received great insights on the Cost-benefit analysis from the subject-matter expert and gained from his experiences. The participants appreciated the School of Competition Law & Market Regulation and FOIR Centre, IICA for organizing the webinar & appreciated the program's content and speaker.

The webinar ended with a vote of thanks by Dr. Abha Yadav, Head, School of Competition Law and Market Regulations and Director FOIR Centre (IICA)

Images: Mr. Eric Thomson, Founder, Envelope Economics & Ex-OECD Regulatory expert addressing the participants during the webinar

