

I. Overview

The exchange program/secondment kick-started with all of us meeting the representatives of GES viz Ms. Katherine Richards, Ms. Ibukunoluwa Ibitoye and Ms. Sarah Cattle in HMT on the morning of 21.05.18 (Monday). The meeting started with a round of introductions, brief about GES-IES and set the tone for the rest of the programme. After the meeting we all headed towards our respective departments. I was posted with the **Competition and Markets Authority (CMA)** which for sake of comparison can be seen as a counterpart of Competition Commission of India (CCI).

CMA is involved in research related to competition and related issues in UK and EU. Mandate of CMA is '*We work to promote competition for the benefit of consumers, both within and outside the UK. Our aim is to make markets work well for consumers, businesses and the economy*'. With UK historically and currently being a member of EU, CMA works in close association with the **European Commission (EC)** for handling competition cases. For the period of the programme, I was attached with office of the **Chief Economic Adviser - Dr. Mike Walker**.

II. Work Assignments

Brief of my work assignments during the exchange programme are as follows:

A. CMA

(i) Economic Research

Rising **corporate power** has become a prominent public policy issue in recent years. Corporate consolidation on the downside is expected to reduce **economic dynamism** and widen **income inequalities** while the associated profits and economies of scale and scope are expected to spur **investment** and **innovation** on the upside. As we know from economic theory, perfect competition defines a condition where price equals marginal cost vis a vi a monopoly where price a consumer pays for each additional unit of good exceeds marginal cost of producing it and hence overall reduces the consumer surplus. Thus, the farther we move away from competition (towards monopoly) the **output is restricted while the price increases**. An increase in concentration and move away from competition restricts output and thus has **efficiency** and **distribution** impacts in an economy. For instance restricted output decreases the demand for variable input such as labour and eventually capital. Decrease in share of labour leads to a decline in wage share of GDP which also restricts buying power. Restricted output, declining labour and capital share and declining wages can lead to sub-optimal allocation of resources and slowdown the economic growth.

It is thus believed that **competition is good** for the overall economy and for consumers in particular. This has been the motto of most Antitrust organisations across the world, including CMA.

A research paper published by **Obama administration** in 2016, claimed that Concentration in U.S. has been increasing and thus competition has largely decreased in the US markets. This

price at which the consumer decides to shift to a competitor, identify the price at which the demand changes from being inelastic to elastic (highest price above which the consumer shifts) etc. This part of my assignment was a **phase 2** investigation and involved analysing the responses/documents of the parties (Rentokil and Cannon), competitors and the public to understand the plausible effects of the merger on the market, prices, consumers and the overall economy.

B. Department of Business, Energy and Industrial Strategy (BEIS)

BEIS can be seen as the counterpart of **MCA** in UK and **CMA** comes under the administrative purview of **BEIS**. Having worked in **MCA** and keen to gain additional exposure, I expressed my desire to work in **BEIS** to understand the overall structure and the burning issues. Post which I got an opportunity to interact with officers from **BEIS** and exchange knowledge and ideas regarding **corporate sector** and its regulation in **India and UK**.

Genesis of Company Law in UK can be traced back to hundreds of years to 1760 with the beginning of the **industrial revolution** which created a modern capitalist economy and a need for regulated enterprises and adequate sources of funds. Since then the law has evolved with the changing times with the most recent legislation being the **Companies Act, 2006** which shifted the **focus** from large and public companies to small and private companies. The more **recent priority areas** include effectively tackling the issues of money laundering, criminal enterprises, shell companies and protection of data. It is also notable that UK doesn't have any provision for Corporate Social Responsibility (CSR), physical filings (instead of electronic) by companies is still prevalent and according to FAME database there are 4 million live and active companies in UK as of now.

III. Brexit

Discussion of the exchange programme will be incomplete without mentioning about Brexit as Brexit was the tone and subject of majority of office and out of office conversations. UK went to vote on **23rd June, 2016** to decide whether Britain should exit (Brexit) EU. UK voted in favour of exit by 51.9% against 48.1% in favour of staying thus choosing to end their 43 year old membership of the EU. The referendum turnout was 71.8%, with more than 30 million people voting.

On 29th March 2017, the UK Government formally announced the intention to leave with a letter to EU President Donald Tusk and setting in motion **Article 50** of the Lisbon Treaty which sets the '**Brexit day**' as **29th March, 2019**.

UK and the EU have agreed on a 21-month "**transition**" period to streamline the way post-Brexit. It refers to a period after **29th March, 2019 until 31st December, 2020**, to get everything in place and allow businesses and others to prepare for the moment when the new post-Brexit rules between the UK and the EU begin.

Brussels being the EU headquarters was the centre of major economic and government activity even for UK. UK now has to prepare for dealing all issues in-house for which it needs to rapidly build up infrastructure, human resource and a new regulatory regime. For instance,

my organization CMA was looking forward to recruiting 300 people in the coming few months to deal with the larger, complex competition cases and studies which were earlier being dealt in Brussels by the European Commission but will now be subject to national jurisdiction post Brexit. UK being a small country with limited human resource, I foresee will relax its norms regarding allowing foreign people to work in the UK and also it seems to be golden time for countries including India to strike various deals/agreements with UK.

IV. Office Culture

- **Open office culture** with no fixed seats designated for junior as well as senior officers
- **'Monthly economists meetings'** were held every month and were voluntary and open to the entire staff of CMA. The Chairs (Usually among the senior most officers) discussed the main issues going on in the organisation and shared the thought process along with expectations of the top management (The Government and the Ministers). The Chairs summed up the main developments concerning the organization that month and the expected events for the next one month. Seniors also share their experience of working so far and how juniors can learn from the same. The last few minutes were reserved for everyone to ask questions or share their observations in front of the seniors.
- A **'weekly update'** on similar lines as above was also conducted every week in each division making up the CMA. Usually, the divisional head will read all the major decisions taken by CMA or those relating to CMA.
- **First name** culture for everyone
- Work can be done from home/office/anywhere else with **flexible** working hours.
- No file system. Entire office works on **emails** including the Ministers.
- Regular **interactive meetings**/'Catch up' where everyone present was encouraged to share their views on the matter. Every small/big suggestion welcomed. People are free to move out of the meetings or not attend meetings if they think they don't have anything to contribute.
- Thought provoking culture with emphasis on sharing **ideas**.
- Focus on a holistic approach to life by encouraging **work life balance**. Frequent (optional) zumba/marathons/yoga/quiz sessions were organized for staff after office.

V. Civil Services/GES

- Civil servants can **resign** from the service for an alternate job opportunity and later on re-apply and if selected then can re-join the civil services. Such people were widespread across the organisation.
- Various Civil Services including the GES go for **campus** placements, where students go through a test and subsequently an interview. Selected candidates then join as civil servants in GES. Alternatively, vacancies are published and candidates apply for lateral entry. People who had worked earlier as civil servants can also re-apply.
- **Performance** based promotions
- **Vacancies** in different Ministries are published. Interested GES officers apply and go

through the selection process. Selected officers are then transferred to the new posts. This is the most prevalent form of transfer across Ministries.

- Various **trainings** are organised regularly by the GES. All officers are informed via email and can attend the same. We were also invited to a couple of these trainings scheduled to be held in HMT. HMT also houses many other regular events related to economic issues. I also attended the pre-launch presentation for 'Global Economic Prospects: The Turning of the Tide?' made by the World Bank.

VI. Suggestions

- Sufficient time in between notification of selection and actual date of departure will go a long way in being adequately prepared and making necessary arrangements for all stakeholders.
- Documentation of the visa procedures (type of visa etc.) to ensure smooth and timely processing of visa applications
- Flexibility of working (closely interacting) with more than one Ministry while on secondment for greater exposure
- Provision of an induction module by the GES/respective place of posting before start of the secondment

VII. Feedback

I would highly recommended the exchange programme to all my colleagues. It exposes the officer to the working of the UK government machinery and GES along with facilitating exchange of ideas and knowledge. It helps build up a nexus and learn new things. If one is proactive and keen to learn, the opportunities offered by this exchange programme are humungous.
