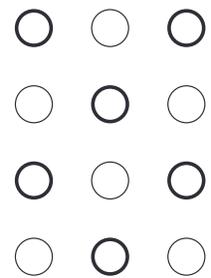




CENTRE FOR CIVIL SOCIETY:

INDIA'S POLICY RUDDER: Navigating the Waters of Market Reform in the World's Largest Democracy



India



Introduction

In 2017 India is a country in transition. Vaulted to the global stage due to globalization, the country has seen a tripling of its GDP since the year 2000, following economic liberalization in 1991. It was in 2001 branded as one of the BRICS economies, highlighting its newly advancing economic position. While bringing up the rear in GDP per capita among its BRICS peers—including Brazil, Russia, China, and South Africa—the IMF estimates that India’s GDP will grow faster than the rest, between 7 and 8% over the next few years.

As the country aims to prove its nimbleness in persisting as a top tier economy, civil society in the populous nation is facing its own growing pains. Often cited as the world’s largest democracy, over 800 million of India’s 1.3 billion people are eligible to vote. And they do, with over 65% voter participation in the 2014 general election. The right to vote, however, does not automatically result in representative government or the protection of personal freedoms. In point of fact, poignant social issues have emerged that threaten to split the diverse nation at the seams.

In some ways stuck in a time capsule, India struggles with a lingering caste system and residual socialist frameworks from its colonialist past, including its elaborate system of bureaucracy referred to as “License Raj.” Extreme poverty, illiteracy, and other social ills plague hundreds of millions, often preserved by archaic regulations that inhibit progress from the bottom up. The country is teeming with diverse people and innovative ideas; for India to maintain the momentum it has achieved, it needs constructive reform that permeates the country.

Enter the Centre for Civil Society, India’s leading and globally recognized think tank, which aims to advance social change through public policy, often targeting change at the lowest levels of the social ladder.

Organization’s history and DNA

This year celebrating its 20th anniversary, the Centre for Civil Society is regularly ranked among the best public policy research organizations in the world by the University of Pennsylvania’s Think Tanks and Civil Society Program. Focusing on education, livelihood, business climate, and policy training, CCS strives to put ideas into action. Parth Shah, the center’s founder and president, is keen to clarify that CCS “is more than a think tank; it’s a do tank.”

While pursuing a PhD in economics in the U.S., Shah first encountered the notion that a society hallmarked by freedom leads to personal enrichment as well as economic and social progress. The ideas led him to connect with several think tanks in the 1990s. Not long after he began his academic career as a professor of economics at the University of Michigan, he started to crave a more active role in ameliorating social problems. He returned to his home country of India and launched CCS, where he continues to guide its focus on evidence-based research.

CCS is committed to effecting change through policy impact, based on the belief that direct action only addresses symptoms, while focusing on policy change targets the root of social issues. That vision resonates with the team of well-trained professionals who partner to make it happen.

Bhakti Patil, a researcher and development manager, explains that CCS generally organizes its approximately 35 staff members into three categories: research; advocacy—to include media, engaging policymakers, and Hindi language initiatives; and CCS Academy, which targets students, media, and policymakers with specialized training on the political process and the need for ethical and data-driven policy solutions.



Yet well-trained team members and good operating strategy and practices do not ensure success. Patil explains that there is a strong prejudice in society that, “markets are for the rich and leave behind the poor.” To change hearts and minds, CCS has developed a deep infrastructure of contacts and consistently provides them with quality research. Over time this has built credibility and provides key opportunities to influence policy.

Access is only part of the obstacle, says Shah, because when political will does turn toward market reforms, “government prefers to use cronyism, regulations, and subsidies to spur the private sector.” This adds its own layer of challenges to CCS’ work, but the team has not shied away from addressing these factors head on.

The team concentrates on bottom-of-the-pyramid reforms, affecting the lowest rung of the social ladder. This assuages social bias against markets while demonstrating their power to dramatically improve the lives of the poor and, in turn, the country’s growth.

Project overview and impact

CCS has participated in various Atlas Network trainings and programs over many years, which Shah admits have helped the organization grow. With the LIFE Program, CCS leadership saw a unique opportunity to further expand their program portfolio. In many ways, in fact, the program looked tailor-fit to the environment CCS faced in India.

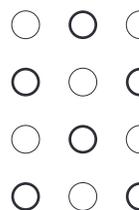
The timing of the launch of LIFE was ideal, notes Shah, because the government that was elected in 2014 had just begun talking about India’s floundering ranking on the World Bank’s Ease of Doing Business index. This provided CCS a remarkable opportunity to harness the political winds to carry its ideas to greater influence.

As an established institution, CCS has developed procedures for conducting its public policy work, honed to the political and cultural context of its environment. When setting a game plan for LIFE, however, the team had to revise some of its tactics. For instance, CCS has often worked on business reform initiatives, but such efforts have been a bit piecemeal because they generally fall outside their core areas of education and livelihood. “LIFE integrated this work under one umbrella,” remarks Patil, admitting, “LIFE helped us to improve our strategy.”

Strategic approach

As CCS approached LIFE, their efforts were guided by an established procedure. First, they focused on finding key problems ripe for change. Second, the team identified what factors impact those issues, ranging from the regulations that supported them to the key staff with knowledge to draft reforms. Third, they built research and analysis in the targeted areas. And fourth, the communications group constructed an advocacy plan around the research.

Carrying out the above plan, the research team explored the areas where India was ranked particularly poorly to set the specific project targets. Then they cross-referenced those areas with their internal capabilities, identifying who



had the core competencies to address the subject matter. They looked specifically at who in their organization had worked in related policy areas, and broadly at who had skills that could be transferable to the new areas of concentration. The resultant focus areas included various sub-targets under the larger categories of the requirements of starting a business and the time to enforce contracts.

The team produced 14 research papers on the specific topics, ranging from an eight-point action plan on creating a framework for contract enforcement to an international analysis of how to penalize people whose checks bounce. The papers were all packaged with multi-pronged advocacy plans to target both central and state governments. “We also heavily engaged the media,” notes Patil, adding that the content was also integrated into their policy trainings.

Starting a Business

1. Reduce the number of procedures from 11 to 9 (Delhi) and 13 to 10 (Mumbai).
2. Reduce the number of days from 27 to 22 (Delhi) and from 30 to 25 (Mumbai).
3. Reduce the paid-in minimum capital requirement to zero by repealing this condition. As of 2015, it was 111.2%.

Enforcing contracts

1. Reduce the number of days from 1420 to 500 days.

Adaptation and follow through

As the project progressed, CCS integrated an additional goal of persuading the government to enforce the 2014 Street Vendors Act. While seemingly outside the scope of the selected index, the effort was identified as a proxy for the other targets.



Having previously worked on the structural barriers to education, analyzing the steps needed to deregulate the process of starting schools, CCS concluded it could pivot the same skills toward identifying the hurdles and develop viable policy solutions to starting businesses. Drawing on their past efforts to formalize street vendors as businesses, CCS decided to also focus on further establishing those popular jobs as a recognized sector of the economy.

A unique feature of their approach that has garnered credibility from the society at large is their use of pilot programs to test proposed policy ideas. CCS had previously succeeded in legally legitimizing street vendors as businesses, seen in the passage of the Street Vendors Act in 2014. However, some states have refused to implement the Act, citing federalist discretion, thus delaying the benefits of legitimacy for millions in the street vendor sector. As an initiative of their LIFE project, CCS lawyers took the case to court, winning a judgement that mandates states to follow the central court’s decision.

In a related initiative, CCS pursued and succeeded in another legal challenge to classify bamboo as a grass rather than a tree. While seemingly benign, the change dramatically impacts com-

merce, especially for the poor because trees are protected from harvesting, selling, and trading across localities. Again, CCS's efforts resulted in real change that enhances the economic opportunities of the bottom of the pyramid, while moving the needle on broad indices.

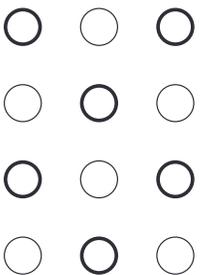
This was a round-about way to target the resultant index scores, but that wasn't the main driver for the change. "When we started LIFE, we didn't focus on street vendors since it didn't directly apply to the index," says Patil. "But we decided mid-project to integrate street (and bamboo) vendor work back in because shifting the index is not our end goal. We are pursuing a larger scale vision of improving the business climate for the long term."

Furthermore, the decision to focus on bottom-of-the-pyramid industries served a secondary purpose because it helped to carry CCS' policy advocacy into the mainstream. In India, street vendors are ubiquitous and most people see them every day, so CCS' policy advocacy on the topic can be understood by a broader audience than much of their other work.

Complimentary to building social capital at the bottom of the social pyramid, CCS targeted policymakers and heads of ministries with

their research and reports, relying on their own persistence and the policymakers' self-interest to drive further success. When asked how CCS first established connections in the government, Shah simply says, "Lots of lunches," expounding that gaining access involved lots of door knocking and conversations before CCS became a recognized voice. The CCS staff continue to foster relationships with officials, sending updates on new research studies, advising on emergent issues, and meeting members to share insights. These connections don't always result in favorable results, but CCS' consistency has proffered deep credibility.

The persistence of this outreach, matched with the quality of research produced, has resulted in invitations to be involved in forming policy. As the government has sought to advance India's ranking in the Doing Business report, various officials solicited CCS for input. Through the course of outreach for the LIFE initiatives, CCS presented its research before the Rajya Sabha (the upper house of parliament), resulting in several recommendations being endorsed by the panel. They also presented their judicial reforms before the Indian Law Commission, urging for expediting the process of litigation for contract enforcement.



A result of the initial careful review of the factors contributing to India's low Doing Business ranking was a long list of outdated and obsolete laws that are still on the books, yet only enforced arbitrarily. CCS decided to package these disparate laws under a unified initiative, developing a "Repeal 100 Laws" campaign under the LIFE banner. So far 23 of the laws have been repealed. This was followed by a state-specific effort where 19 of 25 proposed laws were repealed in Maharashtra.

Beyond this remarkable success, the initiative created momentum that led the government itself to repeal 1,200 redundant laws, with 1,800 more identified to be scrapped. CCS also launched a social media campaign to call attention to bad laws, using the hashtag "#LawsWithFlaws" to engage the public in the process of finding laws that ought to go. Pairing this outreach with a monthly session of interactive discussion on Twitter, they have reached 15,266 unique users.

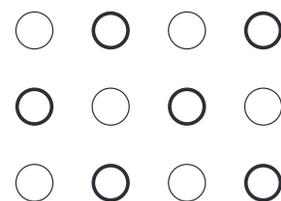


The success of the legal campaigns and public engagement led CCS to further innovate. Despite being a fairly large organization, CCS realized its own limitations in maintaining momentum in all the areas of its LIFE project. They brought in additional interns to support their data collection, and also reached out to think tanks and social engagement organizations who already worked in the legal research and

outreach space to help drive the projects' success. "Moving to a more collaborative framework and getting boots on the ground were new features of our action," says Patil. "The LIFE program more or less opened our eyes to collaboration. It wasn't something totally new, but it became a much larger component."

By working with organizations with existing competencies in areas new to CCS, the team could be confident that progress would continue while being able to pivot its own resources back to their comparative advantages, namely research and high-level advocacy.

Difficulties and opportunities



As India stands with one foot in the past and one in the future, the country faces tensions regarding policy reform. For instance, the climate of cronyism runs deep due to the country's history with the License Raj system that fueled India's attempts of industrial policy for almost half of the 20th century. "Predictably and understandably," states Shah regarding the over-regulated environment, "people take short cuts and use the state to stop competitors," exacerbating India's struggle with rampant corruption. This has further prejudiced the country against market-oriented pursuits. The onset of globalization has begun to wear down this prejudice as people experience the transformative power of aviation, telecommunications, and banking, but the progress can be slow.

Elements of the country's caste system also show up in policy discussions. Some claim that markets are for the rich and harm the poor, but, Shah accounts, "When you start advocating for granting more power to the poor, the same people who complain about how markets deprive the poor say the poor are not capable of making those decisions." This cognitive dissonance requires patient attention to address.

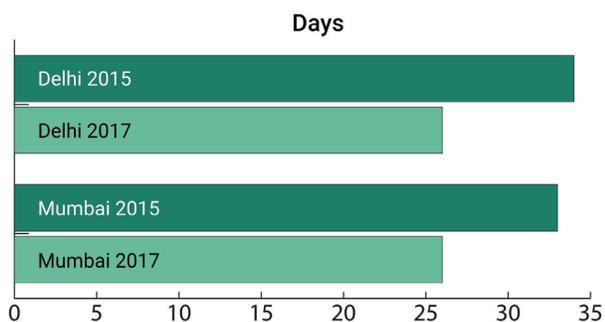
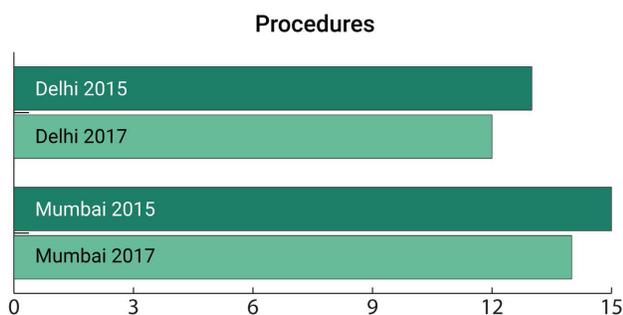
These attributes of Indian society have hampered CCS' LIFE project. However, the challenges CCS faces often double as opportunities if addressed appropriately. By identifying ways to align the incentives of the detractors with re-

form, usually through demonstrating that their lives also stand to improve, progress can be made. This effort takes great patience. Fortunately, patience has been a trait CCS has been successfully developing since its founding.

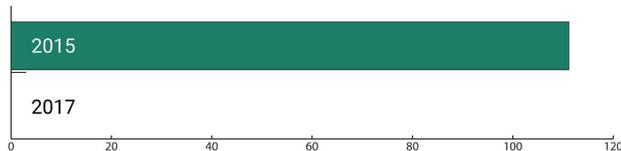
Results

India has been moving up the rankings in the World Bank's Ease of Doing Business Index since CCS started the LIFE project. India has eliminated the minimum capital requirements for starting a business. The time needed to enforce contracts has decreased by nearly 65%. And the procedures and days needed to start a business have been reduced. While difficult to causally link CCS' efforts with a direct impact on India's performance, the evidence is pretty convincing.

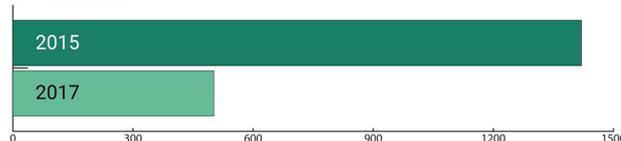
CCS' direct engagement with policymakers—a solid foundation upon which they further built throughout the LIFE project—has also born fruit. The Department of Industrial Policy and Promotion has adopted several CCS recommendations for improving India's business climate. And CCS' proposal for an online business registry has also been implemented. These are just some of the successes CCS achieved throughout the program, and it looks like the momentum will continue.



Minimum Capital Requirements



Enforcing Contracts – Number of Days



Looking ahead

While India's Doing Business score is comprised of only New Delhi and Mumbai, which acted as a constraint on their efforts under the LIFE project, Patil notes that moving forward they plan to expand their work to more cities, implementing many of the same successful initiatives. They won't measure success based on the World Bank's index, but it will serve as a barometer. Furthermore, they have begun a grassroots campaign to launch a "Repeal of Laws Day" on the country's Constitution Day, which is celebrated in late November, drawing on the success of the broad business reforms to rally citizens to compel politicians to continue those efforts.

Key insights

CCS has proven to be a formidable challenger to anyone trying to keep India stuck in its stagnant socialist past. Progress has been slow, but steady. To gain influence the organization has had to develop robust capabilities not just in research and messaging, but in connecting with disinterested or even hostile audiences, ranging from politicians to the public. In a country of over 1.3 billion, that can result in a lot of voices to pacify. Many would see this as a prohibitory obstacle. Parth Shah and his team at CCS, however, have seen this as a challenge, and risen to meet it.

Perhaps due to the inimical environment, CCS has fostered a broad and balanced perspective of policy change, grounded in a holistic concep-

tion of the public policy space. In addition, the organization has built a strong capacity for responsiveness, nimbly adapting to challenges and opportunities that arise from the shifting wiles of policy appetite. These engrained elements of the CCS culture can be clearly seen in the foundational building blocks that ground their endeavors.

Commitment to long-term change

CCS has demonstrated great patience in building a strong reputation as a qualified voice on a host of public policy issues. Relationships take time, an important resource to non-profits because they are dependent on research and fundraising for short-term survival, but are instrumental in effecting structural policy change. CCS staff have spent countless hours contacting, visiting, and educating policymakers and business leaders. This has assuredly come at the cost of other pursuits, but it is a long-term play, and has resulted in what both Shah and Patil credit as their greatest asset: credibility.

The team decided to pursue the added goal of street vendor reform, even though it was not explicitly linked to one of the Doing Business categories. A result of those efforts is the expanded freedom of millions of entrepreneurs, which will undoubtedly influence the country's performance in formal index scores and rankings. The outcome was not known in advance, however, which reflects a fundamental resolve to trust principled convictions in pursuing the alleviation of poverty and hardship.

Its researchers' insights led to successful ventures into making real progress on large Doing Business categories by focusing on details and effectively building the intellectual case for reform, including moving the country toward e-filing for businesses and certain legal issues. The legal team's tact in building and arguing cases led to expanded freedom for bottom-of-the-pyramid entrepreneurs and the broad scale repeal of antiquated and arbitrary laws. Even the board of directors is credited for advancing CCS' mission, according to Shah, because they hold respected positions in business, academia, and government and further bolster CCS' credibility.



Motivated to effect real social change

CCS was founded to materially improve people's lives through improving access to free markets. CCS president Parth Shah sums up the approach, "We are an idea-driven organization." This provides exceptional flexibility to transition the team's capabilities to a variety of topics and to undertake innovative approaches, un beholden to specific policy issues. CCS has put policy ideas into action via pilot programs to demonstrate that their ideas work. They have handed off successful programs to other organizations better equipped to the particular issues, and risked short-term success to pursue the chance of structural policy change.

Vision for a complementary team

Human capital is at the core of CCS' success. Taking advantage of the strong labor market in India, CCS has combined distinct competencies to build a team capable of effecting change across a span of policy issues, drawing on diverse skills in concert to complement one another.

Conclusion

The Centre for Civil Society has proven to be quite adept at create policy change in a country with 17% of the world's population, against decades of socialist lethargy and in the face of a society relatively hostile to the notion of free markets. Such successes are rooted in the organization's culture. Driven by a passion for improving the lives of everyday Indians, CCS has gathered a well-equipped team from a broad set of backgrounds and effectively built an action plan that carries ideas into action, action into policy, and policy into material improvement in people's lives. Relying on 20 years of credibility, CCS continues to build its reputation as an advocate for real progress.

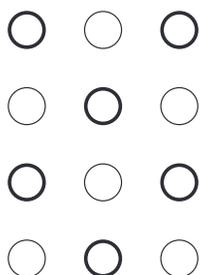
Life takeaways

Outsized Impact: Organizations that leverage a depth of key skills (e.g., research, marketing, political savvy, interpersonal communication), well-developed focus and strategy, and effective

tive tactics to reach stakeholders (e.g., government, media, business leaders) can dramatically impact policies that affect many citizens, extending their reach far beyond conventional expectations.

Responsive Feedback Loops: Organizations with a structured strategy of iterative trial and revision are positioned to adapt efforts and achieve success despite shifting environments that may emerge from political change, natural disasters, public sentiment, or other factors. These groups follow variations of this basic process: plan, act, adapt, review, repeat.

These observations have been synthesized from independent case studies of Atlas Network LIFE Program participants, and were common elements of each organization profiled. Read the rest of this case study series to explore in greater detail how the TaxPayer's Alliance rode the wave of Brexit to advance government spending reform in Britain, how Contribuyentes por Respeto's work led to deregulating the provision of infrastructure in Peru, how IMANI reduced the time to register a business from 14 days to 1 in Ghana, and how the Institute of Economic and Social Studies leveraged bi-partisan connections to liberalize Slovakia's business sector.



Discussion questions

1. Has your organization ever been blinded by success? Are there initiatives or projects you have started that have gained traction but require your staff to spend time on things outside their realm of expertise? How could your organization hand these projects over to other organizations more equipped to keep them going in the long term?
2. What specific elements of your country's history make advancing market-oriented reform difficult? How might you be able to turn that challenge into an opportunity?
3. How difficult is it for an organization to reformat a major project midstream? What kind of risk tolerance does that require? CCS decided to integrate advocacy for street vendor reforms into their LIFE project, even though that was not directly tied to their target metrics. What do you think was at the root of their decision? Would your organization act similarly?
4. The LIFE project prompted CCS to build capabilities in a policy area where it had previously not focused systematically. What could prompt your organization to pivot in a new direction? How would you decide whether or not to dedicate limited resources to such an initiative?
5. Governing administrations change and political parties evolve. How can you pursue structural reforms that will last regardless of the shifts in political tide? Do your organization's current programs tend to be focused on short- or long-term policy wins?

To read more Think Tank Impact case studies, visit:

atlasnetwork.org/case-studies

