

## Walmart rocks Parliament even after retail FDI vote

Even as Walmart rocked Parliament on Monday over its disclosure to the US Senate that it had spent \$25 million on lobbying since 2008, experts argued lobbying was integral to business in any part of the world. Pointing out that legality of “lobbying” was a matter of perception, they said it would be illegal if bribe was part of the deal.

Replying to a questionnaire sent by Business Standard on the \$447-billion US-based Walmart’s latest disclosure, a Bharti Walmart spokesperson said, “In accordance with the US law, US companies are required to disclose the issues and expenditures associated with lobbying on a quarterly basis. The expenditures are a compilation of expenses associated with staff, association dues, consultants, and contributions spent in the US.” The spokesperson added, “Our Washington office naturally had discussions with the US government officials about a range of trade and investment issues that impact our businesses in the US and worldwide, and disclosed this in accordance with the law.”

The world’s largest retail chain is separately investigating allegations of corruption in the organisation linked to the India market, among other geographies it operates in. It has already asked five executives of Bharti-Walmart, the joint venture company for the cash and carry business, not to come to work till the probe is over.

Although the Opposition lost the vote on retail foreign direct investment (FDI) in Parliament last week, it took on the United Progressive Alliance ( UPA ) government in the Rajya Sabha on Monday for allowing foreign-owned multi-brand retail business in India, citing Walmart’s \$25-million disclosure to the US Senate, and that part of that money was used for “enhanced market access for investment in India”. Bharatiya Janata Party ( BJP ), Communist Party of India (Marxist) or CPI(M) and the Samajwadi Party ( SP ) asked Prime Minister Manmohan Singh to issue a statement and they also sought a probe into it. The Rajya Sabha was adjourned for a full day on the issue. Stating that lobbying was illegal in India, BJP spokesperson Ravi Shankar Prasad said the Walmart disclosure was an “official confirmation that the company has done lobbying in India”. He added it was now clear that “multibrand FDI had come on the shoulders of lobbying and bribery”.

But, Harish Vaidyanathan, a corporate lawyer, argued that lobbying does exist in India, too. Fancy designations and consultation fees are given to lobbyists in India, and the same is reflected in the balance sheets as well, he said, adding that, “nobody has questioned all that”.

Another lawyer, who did not want to be named, said a majority of the entries at the reception of a government office, for instance at New Delhi’s Shastri Bhavan or Udyog Bhavan, would show up names of lobbyists of some kind or the other trying to influence policy makers and policies. He added that this happened irrespective of which government is in power. Retired bureaucrats, who know the rules of the game, are often hired as consultants by corporate groups, and they too lobby, according to this lawyer.

Lobbying is not the same as bribery, said a bureaucrat. However, referring to the Walmart disclosure, he added that lobbying may have been part of bribery.

Arvind Singhal, chairman of Technopak Advisors, a leading retail consultancy, argued that even the Indian government engages lobbyists abroad for various issues. The purpose is to make a case before lawmakers and opinion makers, whether its H1B visa issue or a defence deal, he said. "There is nothing illegal about it as long as bribes are not included," Singhal said.

The separate corruption probe that Walmart is conducting is to see whether there is any violation of the Foreign Corrupt Practices Act, of 1977, in the US. This Act makes it illegal for American companies to pay bribes anywhere in the world. While announcing its quarterly results earlier this month, Walmart stated that it had extended its internal probe into potential violations of the anti-corruption law to Brazil, China and India.

*(Business Standard)*