

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2140

ANSWERED ON:11.03.2013

. VIOLATION OF FDI BY WALMART

Antony Shri Anto;Choudhary Shri Bhudeo;Das Gupta Shri Gurudas;Das Shri Khagen;Meghe Shri Datta Raghobaji;Panda Shri Prabodh;Patil Shri A.T. Nana;Singh Shri Radha Mohan;Singh Smt. Meena

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government has recently appointed an Inquiry Committee to probe into the facts behind reports of Walmart's spending money on lobbying for entering Indian market;
- (b) if so, the details thereof including powers and functions of the Committee and the time by which the said Committee is likely to submit its report;
- (c) whether the Government had ordered any enquiry into the allegations of violation of Foreign Direct Investment (FDI) and Foreign Exchange Management Act (FEMA) by the promoters of Bharti Group in setting up a company called Cedar Services in which Walmart had invested heavily;
- (d) if so, the details thereof and the time frame prescribed by the Government to submit its report;
- (e) the steps taken by the Government against those companies which have violated the Foreign Corrupt Practices Act; and
- (f) whether All India Traders Association have demanded a Central Vigilance Commission enquiry into Walmart bribery case and if so, the details thereof and the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. S. JAGATHRAKSHAKAN)

- (a) & (b): The Government has appointed a one-man inquiry Committee regarding media reports concerning Walmart vide resolution dated 31.1.2013. The Committee has been asked to submit its report within three months from issuance of the resolution. The terms of reference of the Committee are as under:
- (i) To inquire into recent media reports on disclosures of Wal-mart before the US Senate regarding their lobbying activities and details thereof.
 - (ii) Whether Wal-mart undertook any activities in India in contravention of any Indian law.
 - (iii) Any other matter relevant or incidental to the above.
- (c) & (d): References alleging involvement of Bharti Walmart/ Cedar Support Services Limited, in retail trade, in violation of the FDI policy, were received and forwarded to the Reserve Bank of India, as violation of FDI regulations is covered by the penal provisions of Foreign Exchange Management Act, 1999 (FEMA). The Reserve Bank of India has informed that the matter related to Bharti Wal-Mart/ Cedar Support Services Limited has been referred to the Directorate of Enforcement for further investigations. No time frame has been fixed by the Government for conducting the enquiry.
- (e): Does not arise, as the Foreign Corrupt Practices Act is not an Indian law.
- (f): The Central Vigilance Commission has informed that, as per available information, the Commission has not received any demand from the All India Traders Association to inquire into Walmart bribery case.