Regulating Lobbying

What is the issue?

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- Recently, the CBI alleged that AirAsia tried to influence India’s international flying regulations through lobbyists.
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- It is imperative to look at the varied issues in relation with the reality of lobbying.
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What is lobbying?

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- Lobbying refers to the practice of influencing the policy decisions of the government.
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- It refers to the business classes' efforts to shape the policies to suit its needs.
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- The decisions may be benign such as urging subsidies for electric vehicles.
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- It could also be harmful like relaxing environment norms for coal-mining or having an impact on the national interest.
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- Lobbying is an inescapable characteristic of any economy with a vibrant business ecosystem.
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- This is particularly prominent in systems that function in a democratic polity.
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How is lobbying in India?

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- The secretive habits of the licence raj still linger in terms of opacity in policy-making.
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- Amidst this, lobbying remains a grey area, which is neither recognised nor regulated.
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- Yet, the irony is that governments are subject to lobbying for sure.
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- There is absence of a specific statute or even “guideline” in this regard.
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- This is making way for a range of illegal activities which are hard to detect or control.
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How have governments handled this?

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- Successive Indian governments have had middlemen in the defence business.
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- The Bofors scandal of the mid-1980s resulted in a blanket ban on middlemen for defence purchases.
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- However, middlemen still perform a service worldwide.
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- They enable the governments to evaluate a range of choices and negotiate optimum deals.
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- In 2014, the present government allowed middlemen back.
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- But it was cautious with their re-entry, by specifying various conditions.
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- These included delinking their commissions to the outcome of the negotiations.
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How is it in other countries?

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- In the US and some western European jurisdictions, lobbying is subject to disclosure statutes.

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- They make it mandatory to register, declare their client lists, activities, fees and itemise expenditure.
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- These disclosure laws do not eliminate corruption.
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- However, they allow for a considerable level of transparency.
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- They make it possible for journalists and the general public to access information.
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- It provides on which lobbyists had been paid, by whom and for what cause.
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- It also allows tracking the outcome in terms of policy-making.
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- Evidently, many cases of corruption come to light simply by accessing public records.
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What is the way forward?

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- India could consider emulating the best practices in other parts of the world.
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- This would work better, as against unrealistic restrictions on politicians and bureaucrats under Prevention of Corruption Act.
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- A clear lobbying law would introduce transparency at the intersection of business and politics.
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Source: Business Standard

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