

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 4442
ANSWERED ON THURSDAY, THE 20th DECEMBER, 2012
[AGRAHAYANA 29, 1934 (SAKA)]**

REGULATOR OF MLM COMPANIES

QUESTION

4442. SHRI S.R. JEYADURAI:

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

- (a) whether the Multi-level Marketing (MLM) company Amway, which distributes its products through contacts with ordinary people, rather than through stores and supermarkets is under the Government's scanner;**
- (b) if so, the details thereof;**
- (c) the reasons therefor;**
- (d) whether the Government proposes to bring all multi-level marketing companies under a regulator; and**
- (e) if so, the details thereof and if not, the reasons therefor?**

ANSWER

**THE MINISTER OF STATE (INDEPENDENT CHARGE) (SHRI SACHIN PILOT)
IN THE MINISTRY OF CORPORATE AFFAIRS**

कारपोरेट कार्य मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(श्री सचिन पायलट)

(a) to (c): As per records in this Ministry, seven companies are found incorporated with a prefix "Amway". Out of the said seven companies, only one company i.e. M/s. Amway India Enterprises Pvt. Ltd is active. No complaint has been received against the said company in the Ministry.

(d) & (e): Department of Financial Services has constituted an Inter-Ministerial Group consisting of the representatives from Department of Financial Services, Ministry of Corporate Affairs, Reserve Bank of

India, Securities and Exchange Board of India, Department of Consumers Affairs and Central Economic Intelligence Bureau (CEIB) to-

- (i) draft model Rules on Multi Level Marketing Companies and on the prohibited schemes under The Prize Chits and Money Circulation Schemes (Banning) Act, 1978;**
- (ii) frame clarificatory guidelines on how to distinguish between genuine direct sales from disguised money circulation Schemes.**
