

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 4563
ANSWERED ON THURSDAY, THE 20th DECEMBER, 2012
[AGRAHAYANA 29, 1934 (SAKA)]**

MULTI LEVEL MARKETING

QUESTION

4563. SHRIMATI ANNU TANDON:

SHRI D.B. CHANDRE GOWDA:

SHRI ABDUL RAHMAN:

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य

मंत्री

be pleased to state:

- (a) whether eighty seven companies have come under the Government scanner for allegedly running illegal Multi-Level Marketing (MLM) investment schemes and seven of them are being probed for possibly serious frauds;**
- (b) if so, the details of these companies;**
- (c) whether the Government has information about the number of investors who have invested in these companies and the total amount collected from them;**
- (d) if so, the details thereof;**
- (e) whether any awareness programmes are being organised by the Government to protect the innocent investors; and**
- (f) if so, the details thereof and if not, the reasons therefor?**

ANSWER

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

(SHRI SACHIN PILOT)

कारपोरेट कार्य मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(श्री सचिन पायलट)

(a) & (b) Yes, Madam. Complaints have been received against 87 companies for allegedly running Multi-Level Marketing (MLM) investment schemes. As per updated information, this Ministry has ordered investigation into the affairs of twelve such companies under section 235 of the Companies Act, 1956 by Serious Fraud Investigation Office (SFIO). In respect of the remaining companies, Regional Directors (RDs) and Registrar of Companies (ROCs) have been directed to scrutinize the

Balance Sheets under Section 234 of the Companies Act, 1956 or inspect the books of accounts and other records of the companies under section 209A of the Companies Act, 1956.

(c) & (d) No such information about the number of investors is required to be maintained under the Companies Act, 1956.

(e) & (f) Investor Awareness Programmes (IAPs are conducted by the Ministry of Corporate Affairs in association with the three professionals Institutes and various chambers of Commerce and Industry to educate the investors, including the young investors, about the various investments options. These programmes cover various cities and towns (including Tier II and Tier III towns) across the country. 7617 number of IAPs have been conducted during the period 2010-11 to 2012-13 (upto 31.10.2012).
