

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1098
ANSWERED ON MONDAY, THE 16TH DECEMBER, 2013**

ACTIVITIES OF UNREGISTERED MLM COMPANIES

QUESTION

1098. SHRI JAI PRAKASH NARAYAN SINGH:
SHRIMATI GUNDU SUDHARANI:
SHRI A. A. JINNAH

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Ministry has noticed that there are thousands of unregistered Multi-Level Marketing (MLM) firms cheating people with various financial and other schemes; and
- (b) if so, whether the Ministry has taken up any drive or asked the RBI to eliminate such firms?

ANSWER

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

(SHRI SACHIN PILOT)

(a) & (b) According to the information available with this Ministry companies resorting to Multi-Level Marketing Schemes are doing so in contravention of either the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 or by floating unauthorized 'Collective Investment Schemes' in contravention of Section 11AA of the Security and Exchange Board of India (SEBI) Act, 1992. None of these companies also appear to be registered as Non-Banking Finance Companies (NBFC). As part of its drive to identify and weed out such companies, Ministry of Corporate Affairs has shared the particulars of around 34000 companies with objectives of carrying on financial business with the Reserve Bank of India (RBI). RBI has taken up verification of such companies.
