

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4683  
ANSWERED ON:07.08.2009  
MULTI LEVEL MARKETING  
Sahu Shri Chandulal Chandu Bhैया

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has issued any guidelines for Multi-Level Marketing (MLM);
- (b) if so, the details thereof;
- (c) the State-wise details of each such company in India working on MLM;
- (d) whether complaints against number of companies have been received by Economic Offences Wing; and
- (e) if so, the details thereof and action taken thereon?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a)&(b): No, Sir. The Government has not issued any Guidelines for Multi-Level Marketing,

(c): The data in the desired manner is not being maintained.

(d)&(e): During 2003, Department of Consumer Affairs had received requests from Indian Direct Selling Association and other persons for enacting a separate legislation to cover Direct selling/Direct/Net work/Multi Level Marketing. In consultation with the Ministry of Law, Department of Consumer Affairs had issued a letter to all the Chief Secretaries of States and Union Territories clarifying that if the Direct/Network/Multi Level Marketing companies do their activities lawfully, then their activities would not attract any of the provisions of The Prize, Chits and Money Circulation Schemes (Banning) Act, 1978. The Central Economic Intelligence Bureau, the investigating agency dealing with economic offences, had drawn attention of the Department of Consumer Affairs to the fact that companies using pyramid schemes to sell their products were taking shelter under this letter to protect themselves from possible legal action. In further response, Department of Consumer Affairs clarified to all the States and Union Territories that the instructions issued earlier did not cover pyramid structure marketing scheme.

Reserve Bank of India has also separately clarified that it is for the State Governments to seek the advice of their Law Officers/Public Prosecutor to decide whether any given scheme attracts the provisions of the Prize, Chits and Money Circulation Schemes (Banning) Act, 1978.