

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:5078
ANSWERED ON:08.05.2012
MULTI-LEVEL MARKETING COMPANIES
Meghwal Shri Arjun Ram

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government has allowed multi-level marketing mechanism to operate in the country;
- (b) if so, the details thereof alongwith the number of Multi Level Marketing (MLM) companies operating in the country;
- (c) whether there are reports of fraud cases and irregularities committed by these MLM companies;
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken by the Government to regulate the workings of MLM companies in the country?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

- (a) to (d): Direct/Net Work/Multi-Level Marketing companies are operating in the country. That are required to operate without attracting the extant legal provisions of the Prize, Chits and Money Circulation Schemes (Banning) Act, 1978. As the Act is being administered by the States, Multi-Level Marketing companies violating the provisions of the Act will be proceeded against by the State Governments concerned. No data is being centrally maintained on the irregularities as the subject matter relates to States/UTs.
- (e) : The Government is of the view that there are adequate provisions for regulating the sale of goods including their sale by direct method in the Sale of Goods Act, 1930 and Indian Contracts Act, 1872. The Consumer Protection Act, 1986 further seeks to promote and protect the rights of consumers.