

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:309
ANSWERED ON:26.04.2012
CHIT FUNDS AND MLM FRAUD CASES
Bhoi Shri Sanjay;Gaikwad Shri Eknath Mahadeo

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether suggestions have been received from various quarters including the Serious Fraud Investigation Office (SFIO) for setting up of a Central Institution for checking cases of frauds indulged in by the Chit-funds and Multi-level Marketing Companies/Schemes;
- (b) if so, the details thereof and the time by which it is likely to be set up;
- (c) whether the Union Government has also consulted the State Governments in this regard; and
- (d) if so, the reaction of the State Governments thereto?

Answer

THE MINISTER OF CORPORATE AFFAIRS (DR. M. VEERAPPA MOILY)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 309 FOR 26th APRIL, 2012 TABLED BY SHR! SANJAY BHOI, SHRI EKNATH M. GAIKWAD REGARDING CHIT FUNDS AND MLM FRAUD CASES.

(a)&(b) Except for the Serious Fraud Investigation Office, no suggestions have been received from any other quarters for setting up of a Central Institution for checking cases of frauds indulged in by the Chit-funds and Multi-level Marketing Companies/Schemes. SFIO in a recent investigation report relating to some multi-level marketing companies has suggested setting up of a regulatory body/cell to examine all the schemes of MLM running in the country in a time bound manner.

(c)& (d) Since the Ministry of Home Affairs is already regulating the Prize Chits and Money Circulation Schemes (Banning) Act, 1978, this Ministry has very recently written to the Ministry of Home Affairs that it has no reservation if such regulatory body as suggested by SFIO is set up within the Ministry of Home Affairs to check the cases of frauds being indulged in by such Multi-level Marketing Companies as is being done in cases of Chit-funds.