

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4442
ANSWERED ON:20.12.2012
REGULATOR OF MLM COMPANIES QUESTION
Jeyadural Shri S. R.

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Multi-level Marketing (MLM) company Amway, which distributes its products through contacts with ordinary people, rather than through stores and supermarkets is under the Government's scanner;
- (b) if so, the details thereof;
- (c) the reasons therefor;
- (d) whether the Government proposes to bring all multi-level marketing companies under a regulator; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

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

- (a) to (c): As per records in this Ministry, seven companies are found incorporated with a prefix "Amway". Out of the said seven companies, only one company i.e. M/s. Amway India Enterprises Pvt. Ltd is active. No complaint has been received against the said company in the Ministry.
- (d) & (e): Department of Financial Services has constituted an Inter-Ministerial Group consisting of the representatives from Department of Financial Services, Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, Department of Consumers Affairs and Central Economic Intelligence Bureau (CEIB) to-
 - (i) draft model Rules on Multi Level Marketing Companies and on the prohibited schemes under The Prize Chits and Money Circulation Schemes (Banning) Act, 1978;
 - (ii) frame clarificatory guidelines on how to distinguish between genuine direct sales from disguised money circulation Schemes.