

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:4563
ANSWERED ON:20.12.2012
MULTI LEVEL MARKETING QUESTION
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Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether eighty seven companies have come under the Government scanner for allegedly running illegal Multi-Level Marketing (MLM) investment schemes and seven of them are being probed for possibly serious frauds;
- (b) if so, the details of these companies;
- (c) whether the Government has information about the number of investors who have invested in these companies and the total amount collected from them;
- (d) if so, the details thereof;
- (e) whether any awareness programmes are being organised by the Government to protect the innocent investors; and
- (f) 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) & (b) Yes, Madam. Complaints have been received against 87 companies for allegedly running Multi-Level Marketing (MLM) investment schemes. As per updated information, this Ministry has ordered investigation into the affairs of twelve such companies under section 235 of the Companies Act, 1956 by Serious Fraud Investigation Office (SFIO). In respect of the remaining companies, Regional Directors (RDs) and Registrar of Companies (ROCs) have been directed to scrutinize the Balance Sheets under Section 234 of the Companies Act, 1956 or inspect the books of accounts and other records of the companies under section 209A of the Companies Act, 1956.

(c) & (d) No such information about the number of investors is required to be maintained under the Companies Act, 1956.

(e) & (f) Investor Awareness Programmes (IAPs) are conducted by the Ministry of Corporate Affairs in association with the three professionals Institutes and various chambers of Commerce and Industry to educate the investors, including the young investors, about the various investments options. These programmes cover various cities and towns (including Tier II and Tier III towns) across the country. 7617 number of IAPs have been conducted during the period 2010-11 to 2012-13 (upto 31.10.2012).