

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

UNSTARRED QUESTION NO:4139  
ANSWERED ON:18.12.2012  
COMMITTEE ON MULTILEVEL MARKETING  
Majhi Shri Pradeep Kumar;Patel Shri Kishanbhai Vestabhai

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

- (a) whether the Government had constituted an Inter-Ministerial Committee to consider the issues relating to the companies engaged in Direct Selling/ Network/Multi-level Marketing in the country;
- (b) if so, the details in this regard along with the terms and reference of the said Committee;
- (c) whether the said Committee has since submitted its report; and
- (d) if so, the details of the recommendations made therein and the action taken by the Government thereon?

**Answer**

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

(a): Yes, Madam.

(b): With the liberalization of Economy in India, numerous International and Domestic companies have been working and selling their products in the Indian consumer Market by using Direct Selling/Network Marketing/Multi Level Marketing (MLM) chain method. However, to look into the operational issues being faced by these companies an Inter-Ministerial Committee was constituted with the following terms of reference:-

Terms of Reference

To Consider

- (i) necessity for enactment of a legislation to regulate the Director/Multi-Level Marketing companies; or
  - (ii) issue of guidelines for these companies on the lines of Kerala guidelines; or
  - (iii) including the definitions of the Director/Multi-Level Marketing and Pyramid Scheme in the Prize, Chits and Money Circulation (Banning) Act, 1978 through and amendment;
  - (iv) organizing an awareness campaign under `Jago Grahak Jago` to protect the interest of the consumer in respect of such Multi-Level Marketing Schemes;
  - (v) international best practices to protect consumers;
  - (vi) suggesting legal action against the companies dealing with such Multi-Level Marketing Schemes;
  - (vii) which should be the Department to deal with the matters relating to these Marketing Schemes;
  - (viii) any other matter with the permission of the Chairman.
- (c) & (d) : The subject is under finalisation.