

## **Review meeting this week on Multi Level Marketing activities: Sachin Pilot**

Corporate Affairs Ministry will hold a detailed review meeting this week to formulate ways to curb illegal Multi Level Marketing (MLM) investment schemes, amid rising instances of investor money being swindled through such activities.

"Some companies are known to misuse the MLM platform and I am concerned about it. I am taking a meeting this week on how we can track these companies, see if they are doing any irregularities and along with the state governments, come down heavily on them," Pilot told PTI in an interview.

"I want to have a comprehensive review within ministry to see where we stand and how far we have gone. We have had some representations in this regard and the meeting would discuss strong but educated and guarded steps needed to curb illegal MLM schemes because that is certainly a problem," he said.

About 87 companies have come under the government scanner for allegedly engaging in fraudulent MLM schemes and seven of them are being investigated for possible serious frauds.

Emphasising that there is no need for new regulations, Pilot said there needs to be certain control measures against the entities misusing MLM platform, but educating the investors is also necessary to safeguard them against false promises advertised by such companies.

Many MLM companies are located in West Bengal and Tamil Nadu. The Serious Fraud Investigation Office(SFIO) is probing alleged scam perpetrated by MLM firm SpeakAsia, which is registered in Singapore.

Pilot said that small investors get hurt the most through such schemes, whose operators promise huge investment returns within short time periods. "These are the people who earn a few thousands of rupees and fall for such traps," he said.

When asked on how the MCA would be able to track these operators, as most of them are not even registered as companies, the minister said the tracking can still be done as money is involved and, therefore, they could be tracked through banking channels.

"But they (MLM firms) have to open a bank account and we can link it up. It is possible to do it (tracking them)," Pilot said.

According to the Minister, the government is making efforts to disseminate right information to people, especially the small investors, through the Investor Education Protection Fund (IEPF).

"Unless there is correct information, misinformation will take its place. There are enough people trying to swindle (money)... We need to give people the alternative investment products to make them understand what is wrong and and what is right," Pilot said.

*(Economic Times)*