



Government working on streamlining rules for multi-level marketing companies: Sachin Pilot

By PTI | 18 Jun, 2013, 03.36PM IST

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NEW YORK: With an aim to segregate the genuine [multi-level marketing companies](#) from those operating fraudulent ponzi schemes, the corporate affairs and consumer affairs ministries are working on a clearer set of rules for such businesses.



The minister's comments come against the backdrop of the recent arrest of global direct selling major Amway's India Chairman by the Kerala police.

"While we must take strong action against the companies that are misusing the laws and duping investors, reputed companies that are doing good work and did not violate any Indian laws should be allowed to operate without any fear. They must be given confidence," Corporate Affairs Minister [Sachin Pilot](#) told PTI in an interview here.

The Indian minister is on an official visit here. The minister's comments come against the backdrop of the recent arrest of global direct selling major Amway's India Chairman [William S Pinckney](#) and two company directors by the [Kerala police](#) over allegations of fraud.

While they were released later on bail, the incident has generated a debate on need for a clear set of rules for differentiating between registered companies doing genuine businesses and those duping the investors through fraudulent schemes structured like multi-level marketing operations.

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"My Ministry (Corporate Affairs) and [Ministry of Consumer Affairs](#) are now working on clarifying these guidelines (for multi-level companies)," Pilot said.

Stressing on the need for protecting investors against fraudulent entities, the Minister said the newspapers also have a larger role to play as watchdogs and should not entertain paid advertisements from illegal companies.

"Sometimes newspapers publish advertisements placed by companies running illegal schemes to dupe the investors.

"The newspapers have a larger role to play in being watchdogs of investors and refuse such paid advertisements in the best interest of readers. Companies must deliver what they promise," Pilot said.

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