

Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs

LOK SABHA
UNSTARRED QUESTION NO. 2436
TO BE ANSWERED ON 03.08.2021

CHAIN REFERRAL SCHEMES

2436. SHRI P.C. MOHAN:

Will the Minister of **CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION**
उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the Government is aware of the frauds taking place in Chain Referral Schemes or Pyramid Schemes as reported by the media;
- (b) if so, whether the Government is taking any measures to contain such frauds; and
- (c) if not, the reasons therefor?

ANSWER

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण राज्य मंत्री
(श्री अश्विनी कुमार चौबे)

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI ASHWINI KUMAR CHOUBEY)

(a) to (c) : The Consumer Protection Act, 2019 defines ‘direct selling’ as marketing, distribution and sale of goods or provision of services through a network of sellers, other than through a permanent retail location. Further, the Act provides for the measures to be taken for preventing unfair trade practices in direct selling. The Act is in force w.e.f. 20.07.20.

The Consumer Protection Act provides for a three tier Quasi-Judicial mechanism namely, District Commission, State Commission and the National Commission. The Consumers can file complaints regarding unfair trade practices, including in matters relating to direct selling, in the Consumer Commission of appropriate pecuniary jurisdiction, in respect of defective product or deficiency in services.
