

(c) and (d) As mentioned in reply to (a) & (b) above, Section 235 of the Act empowers the Central Government, to appoint Inspectors for investigation of affairs of a company. This Section does not bestow any extra judicial power to SFIO.

National Competition policy

1613. DR. JANARDHAN WAGHMARE:

SHRI NAND KUMAR SAI:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government has finalized the draft National Competition Policy in the recent past;
- (b) if so, the salient features thereof;
- (c) the extent to which the new draft policy is likely to bring competition culture in the country;
- (d) the details of mandate of the Competition Commission of India; and
- (e) the extent to which the Commission has been able to achieve the objectives, so far?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R. P. N. SINGH): (a) to (c) No, Sir. The draft National Competition Policy document is presently at the stage of consultations. The draft policy seeks to integrate principles of competition in various economic policies of the Government and reap the benefits of competition therein.

(d) Competition Commission of India (CCI) is mandated inter-alia to eliminate practices having adverse effect on competition, promote and sustain competition, protect the interests of consumers and to ensure freedom of trade carried on by other participants, in market in India.

(e) The Commission is fully functional and it has been working continuously to achieve its objectives.

**RoCs probe into accounts of chit fund and multi-level
marketing companies**

1614. SHRI A. ELAVARASAN: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Ministry has asked the Registrar of Companies (RoCs) to

probe the accounts of chit fund companies and certain multi-level marketing firms;

(b) if so, the details thereof;

(c) whether the move comes in the wake of the Ministry receiving complaints from investors about being cheated through multi-level marketing money circulation scheme;

(d) if so, the details thereof;

(e) whether the Serious Fraud Investigation Office (SFIO) had also recommended the setting up of an institution under the Government to check fraud through chit funds and multi-level marketing schemes; and

(f) if so, the details thereof and the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R. P. N. SINGH): (a) to (d) Yes, Sir. On the basis of specific complaints received in the Ministry, Regional Directors (RDs) and Registrar of Companies (RoCs) have been directed to Scrutinize the Balance Sheets and Inspect the books of accounts and other records under sections 234 and 209A respectively of the Companies Act, 1956 in respect of 87 companies, alleged to be carrying on the activities relating to prize chit fund and money circulation in the garb of multi-level marketing.

(e) and (f) Yes, Sir. The SFIO had recommended for setting up of a specific central regulatory agency for the implementation of the Prize Chit and Money Circulation Scheme (Banning) Act, 1978. This Act is administered by the Department of Financial Services, who has constituted an Inter-Ministerial Group consisting of the representatives from Department of Financial Services, Ministry of Corporate Affairs, Reserve Bank of India, Securities Exchange Board of India, Department of Consumers Affairs and Central Economic Intelligence Bureau (CEIB) to:

- (i) draft Model Rules on the Multi Level Marketing Companies and on the prohibited schemes under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978;
- (ii) frame clarificatory guidelines on how to distinguish between genuine direct sales from disguised money circulation Schemes.