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A Study of Multi-Level Plans and Scheme

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ABSTRACT

Concern for decentralized planning with people's participation in India is as old as planning itself. The first Plan document is eloquent on it and has emphasized that planning from below with people's participation helps efficient utilization of resources and more equitable distribution of benefits. However, the attempt for decentralized planning was sporadic. Decentralized planning received increased attention with the 73rd and 74th constitutional amendments which made planning a mandatory function of local bodies. The democratic base widened after 1993 enabling horizontal planning and implementation. Planning now is done at many layers of government - Centre, State, district, block, village, and municipality. Thus, now we practice multi-level planning. Local bodies at sub-State level come under the decentralized multi-level planning framework.

KEYWORDS :

Introduction:

On the surface it appears to be an attractive business opportunity to involve your network of friends and family, sell products and make a lot of money. You have the support of a multi-level marketing company who supplies the product, with marketing support and sometimes training. They will not call themselves a multi-level marketing scheme and some do not actually sell a product or service, they may just offer an investment opportunity. Most multi-level marketing businesses offer a plan that claims that you will receive commissions by selling their product as well as commissions on the sales of people you recruit.

Typically, you sign up, send money for the product or business package and your recruits do the same and their recruits do the same. Everyone is sending the multi-level marketing company money to be a member. The whole scheme depends on you recruiting people to distribute the product and of course the people you recruit must recruit and on and on it goes.

Not all multi-level marketing schemes are fraudulent. A legit multi-level marketing business is designed to move product through a large distribution network. The essence of multi-level planning is integrated planning at various levels, both micro and macro. One of the functions of planning is to establish linkages between different sectors and activities so as to enhance benefits from them. For, economic activities are inter-related with each other. The success of any programme depends on the timely availability of complementary inputs, infrastructure facilities, and marketing support. A programme executed in isolation from other related activities will not produce intended result. It is therefore, obvious that full advantage from any programme could be derived only if linkages with other programmes are ensured. These linkages, which are functional, spatial etc., will help minimizing given investment by providing a chain of complementary activities taking into account their forward and backward linkages.

Literature Review:

A plan is not a bundle of individual projects but a coherent set of activities well-coordinatedto attain the desired objectives. The issue of integration has been widely discussed in planningliterature though this has been mainly in the context of centralized planning. Tinbergen(1967) proposed formulation and integration of plan by stages. The planning process beginsat the macro stage, and then proceeds to the sectorial and regional stages and ultimately to theproject stage. At the macro stage, the overall plan for the economy is established. Theoverall growth rate, investment and saving rate required to attain the growth rate, the minimumlevel of standard of living expected, etc., are decided. Then the investment and growth ofeach sector are considered taking into account the constraints. The development of eachsector is defined in terms of input-output model. The sectorial plan is intended to revealthe compatibility of the macro plan in terms of inter-industry structural relationship. If itis not compatible, macro plan must be modified accordingly and sectoral analysis isrepeated.

Another dimension of planning is the regional stage. The planners distribute the sectoralinvestments in various sub-systems or regions. Certain projects are shiftable (location canbe shifted) whereas, some are 'non-shiftable' and must be undertaken in a particular region. Frisch (1976) suggested simultaneous planning for integration taking into account the differentaspects of the economy such as production of goods and services, investment, and prices.Its regional aspects concern the development of certain underdeveloped parts of the country,the optimal development of transportation network, and location of industry, etc. Frischmodel is unmanageable due to lack of data and efficient solution methods. The application ofthe model requires complete centralization of decisions concerning all levels of planning.This is a complex integrative model.

UN (2004) discussed the issue of integration in development planning. True integration refersto simultaneous determination of objectives, their tradeoffs, and the joint use of the policyinstruments in all facets involved. The development planning is characterized by 'facet'planning, which addresses various aspects of development process individually liketransportation, housing, and environmental planning. The conflict of one administrative levelover others or one development sector over others creates problems in a multi-level planningframework. UN listed some of the problems of co-ordination and integration as 1. Lack oftwo-way flow of information and 2. Conflicting priorities of each level and sector. Localplans are not always conscious of the constraints imposed by the overall development plan.

Objectives & Scope:

Definition of a Multi-level Marketing Plan :

The defines an MLM plan as a plan in which a participant receives compensation for the supply of a product to another participant, who in turn receives compensation for the supply of the same or another product to yet another participant in the MLM plan. Subsections 55(2) and 55(2.1) set out certain obligations relating to compensation disclosure by operators of and participants in MLM plans. Failure to comply with these obligations is subject to criminal penalties as set out in subsection 55(3).

Schemes of Pyramid Selling :
A scheme of pyramid selling is a form of an MLM plan focused primarily on generating earnings through recruitment. These schemes may offer products, however the products may have very little value or the plan may offer limited incentives for their sale. Income in the scheme is derived primarily from the money prospective participants pay to join the scheme and not from the sale of product. The schemes of pyramid selling promise huge wealth and financial security to their participants. They usually require the participant to pay to join. This payment may be described as an enrollment fee, a membership fee or an investment into a money-making enterprise. In addition to payment, participants are typically told that they must recruit others into the MLM plan, who in turn must recruit others before they are able to earn any money. Given the finite pool of potential recruits, pyramid schemes are inherently unsustainable and eventually collapse. Although a small number of participants at the top of the pyramid may make money, the overwhelming majority of participants lose their money.

If the plan is designed so that your income is derived solely from signing up people, in other words you receive a commission on your new recruits rather than selling the product, it is likely fraudulent and a pyramid scheme and you will be wasting your time and more importantly throwing away your money. The odds of actually making money in these schemes are about the same as winning the lottery. Fraudulent multi-level marketing schemes and/or pyramid schemes are designed so that those at the top continue to make money off of a continuous influx of new investors. Imagine what happens when the business is unable to recruit new investors.

Research Methodology:
A project is the smallest unit of activity that can be separately planned, analyzed andadministratively implemented (Morris, 1970). Gittinger (1982) sees it as a specific activity,with specific starting point and specific ending point intended to accomplish specific objectives. It is the smallest operational element prepared and implemented as a separate entity. Projectsare of varying types. The implementing agencies differ. The administrative layers vary.Hence, integration of projects becomes crucial. The essential feature of a project is that itmay contain a number of activities that may be related to each other or that may be mutuallyexclusive. There may be a large number of activities, which require simultaneous action toaccomplish the desired objectives or to follow one after another. Thus the integration ofprojects has got different dimensions.The different dimensions of integration are discussed here.

Spatial integration:
Spatial planning is concerned with identification of locations in a region from where a widerange of socio-economic, infrastructure, and service facilities are to be provided (HanumanthaRao, 1984). It takes into account the physical resources, land uses, and human settlementsfrom smallest settlement to cities. Certain projects are strictly local-specific (eg., mining orquarrying) which cannot be implemented elsewhere. These are mainly linked to the availabilityof raw materials. Certain projects are 'foot loose' and can be located anywhere. Provisionof various orders of services should be planned so as to maximise the benefit.

For any hierarchy of service, there is a thresh-hold population to be benefited, below whichit is not optimal. To elaborate, suppose, three anganwadisare proposed for a ward. If thesethree are located very closely the benefits will not be available to all the people in the ward. Ifanganwadisare away from the human settlements, it will not be useful at all. Thus, thelocation should be planned in a manner to cater to the needs of the maximum number ofhouseholds. To take another example, suppose a local body has to erect a waste disposalplant. It should not be located in a thickly populated area. It has to be away from humansettlement to minimize the nuisance effects of pollution to the people. If the waste is to becarried to a long distance, carrying cost will be high. Moreover, carrying waste over a longdistance is inconvenient to the people along the way side. Location of the plant near a riveralso creates serious environmental havoc. Thus, spatial planning is to take into account theeconomic and environmental aspects.

Another important task of spatial planning is to identify and correct the imbalances in theinfrastructural facilities in a region. In this sense, spatial planning is concerned withidentification of areas where additional or totally new infrastructure will have to be createdso that the gap between availability and requirement can be progressively narrowed down.

Discussion & Conclusion:
An operator or participant making a representation about compensation in a new MLM plan must disclose the information within his or her knowledge relating to compensation likely to be received by typical participants having regard to any relevant considerations,

An operator or participant making a representation about likely compensation should consider any assumptions made, and the resulting compensation estimates, to ensure that they are realistic and reliable. Compensation levels in new MLM plans should be reviewed after six months from commencement to ensure that there is no major discrepancy between the disclosure of the stated levels of compensation likely to be received and the levels of compensation actually being received by typical participants in the plan. After one year, the operator of an MLM plan should disclose compensation actually received by typical participants instead of any projectedcompensation forecasts.