

Russian financial scheme for rural India

A financial scheme based on a virtual currency and propagated by Russian businessman and financier Sergey Mavrodi seems to be gaining ground across rural India.

"It is not a business, not an investment plan and not even a company," is how Ashish Chavan of Kolhapur, Maharashtra, describes MMM INDIA, short for Mavrodi Mondial Moneybox India.

MMM is a network through which common people "help" each other, said Chavan, a patron of the scheme. "It is for a social cause. If you are convinced of the idea of helping people in need, you can join."

Patrons of MMM are at pains to explain that it was not an investment plan. Chavan said he had "committed to help", for a sum of Rs 10,000, and in turn received "help" for a sum of Rs 15,200. He has committed Rs 10,000 again.

An email questionnaire sent to MMM INDIA's representative was unanswered. A person who identified herself as "Jennifer from the admin" wanted to know why Business Standard was pursuing the story, but did not offer any details about the scheme itself.

While the scheme ducks sectoral regulators such as the corporate affairs ministry and the Securities and Exchange Board of India by claiming that it is neither a company nor an investment scheme, MMM steers clear of the other numerous financial laws in the country by maintaining its own currency system, the Mavro. Whatever returns are promised are in the Mavro. "Mavro rate up to 100 per cent per month," screams a banner on the website of MMM INDIA.

"Mavro is a virtual currency. It is just to keep account," said Anil, another MMM patron. "If you help somebody for Rs 5,000, you will get a Mavro equivalent. When you need help, you can put your Mavro up for sale."

Chavan of Kolhapur said he was introduced to the "revolutionary idea" in August by a friend of his father. He is among the thousands of young people getting drawn to MMM INDIA, which has grown rapidly in rural Maharashtra, Gujarat and Punjab over several months. Campaigners of the network were now taking it to Odisha, Chhattisgarh, Uttar Pradesh, West Bengal and Assam, seminar schedules on the group's website showed.

MMM is the brainchild of 57-year-old Mavrodi. The Russian financier has claimed in YouTube video posts on his website that he built MMM to destroy the global financial system, which is created and dominated by people who can print currencies. "My goal is a financial apocalypse, a destruction of the global financial system," he had said on March 14, 2012, just hours before he was arrested.

That was not the first time Mavrodi was arrested. In the post-Communist Russia, Mavrodi's investment firm had imploded after attracting investments from about five

million Russians, promising them foreign holidays and 2,000 per cent returns, according to a 1994 Time magazine report.

Mavrodi had immunity from prosecution as he was a member of the Duma (Parliament), until the immunity was nullified in October 1995.

In December 1997, Mavrodi declared MMM bankrupt. He managed to escape arrest till 2003, as gaps in Russian financial laws left authorities clueless about finding the right rule to charge him. Eventually, he was convicted for holding a fake passport and tax-related offences. But he was a free man by May 2007.

It did not take too long for him to devise a scheme to harness the powers of the internet so that national boundaries did not hinder him.

(Business Standard)