



**INDIAN DIRECT
SELLING ASSOCIATION**

VISION

**TO MAKE DIRECT
SELLING
THE MOST RESPECTED
INDUSTRY IN
INDIA**

OBJECTIVES

- **CREATE INDEPENDENT IDENTITY OF INDIAN DIRECT SELLING ASSOCIATION AND CORRECT FIGURES OF THE SECTOR TO CREATE A POSITIVE DISPOSITION.**
- **CREATE CONDUCIVE ENVIRONMENT FOR REGULATION FOR THE DIRECT SELLING SECTOR.**



BRIEF OVERVIEW

- The Indian Direct Selling Association IDSA is an autonomous, self-regulatory body for the direct selling industry in India. The Association acts as an interface between the industry and policy-making bodies of the Government facilitating the cause of Direct Selling Industry in India.
- IDSA was formed with five companies including current members Amway, Avon and Oriflamme to protect the ideals and opportunities of what was then a sunrise industry. The Association was incorporated in Mumbai in 1996 and moved its registered office to New Delhi in 1998, from where it continues to operate. Since Inception the Association has grown to several members representing over a million independent salespeople in India and still counting.

BRIEF OVERVIEW

- IDSA's members are leading Indian and international organizations engaged in the business of direct selling in India. IDSA strives to create and further an environment conducive to the growth of direct selling industry in India, partnering industry and government alike through advisory and consultative activities.
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BRIEF OVERVIEW

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- IDSA catalyses change by working closely with government on policy issues, enhancing efficiency and ushering in desired credibility, clarity & confidence in Direct Selling. Impact PR has been servicing Indian Direct Selling Association (IDSA) since 2008 Impact PR has been instrumental in bringing out the guidelines for the direct selling sector in India.

BRIEF OVERVIEW

- The industry is also hopeful for a full-fledged rules & regulations from the centre. Impact PR took a multi-pronged approach to rectify the negative imagery of the sector by hosting 'Knowledge Forums' across the country that not only brought about the positives of the sector to the forefront but also showcased the sector as a potentially viable sector for self-employment. In 2008 wrong industry figures were circulated, for which agency spearheaded 'Annual Survey' for the sector every year.
- This gave the industry the impetus to Initiate dialogue with various stake-holders. In the year 2011, Agency initiated socio-economic report on the sector by ICRIER and was instrumental with association with FICCI and PHD Chambers following by new logo and talk show on NDTV.

BRIEF OVERVIEW

- Agency found that IDSA don't have the news letter which is very important for any association to address Information gap and in 2013 Launched 'IDSA Direct' which is circulated amongst its members and other industry stakeholders. In 2014 Agency made corporate film picking top industry leaders and that was the game changer which created very strong and positive image. Over past 8 years, Impact PR has placed IDSA in over 1000 publications and 30 News Channels and various press conferences and press releases and supported advocacy plan to create a Conducive environment for regulation for the direct selling sector.

CRISIS MANAGEMENT

- Agency helped IDSA in crisis management with various activities and tools like Press conferences in most of the cities in India and Meetings with the Influencers to reducing ground level challenges.



RESULTS

- Impact PR helped IDSA to meet all the objectives and results through creative ideas and delivering commitments.
- Independent Image
- Address Information Gap
- Conductive environment for regulation
- Successful crisis management



COVERAGE SNAPSHOT

The Tribune

VOICE OF THE PEOPLE

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14 BUSINESS The Tribune

CHANDIGARH | TUESDAY | 8 MARCH 2016

Absence of regulator has hit direct selling industry: Amway



Rajat Banerji
National Head, Amway India
talks to Sarjee Sharma

The absence of a regulatory framework has affected the growth of the direct selling industry. Rajat Banerji, chairman, Indian Direct Selling Association (IDSA) and National Head-Corporate Affairs, Amway India, says the direct selling industry offers self-employment to over 40 lakh persons, a majority of whom are women and the industry was hoping for full or partial exemption in excise duty on commodities such as cosmetics, nutrition and skin care products in the Union Budget.

Q: What is the view of the direct selling industry on the Budget proposal?

A: In the Budget speech of 2015, Finance Minister Arun Jaitley had announced amendments to the Price Control and Money Circulation Schemes (Banning) Act, 1978. That did not take place and was a disappointment for the direct selling industry which offers self-employment to over 40 lakh persons, a majority of whom are

women. In the Budget speech of 2016, the Finance Minister has promised tightening of laws with regard to collective investment schemes. At the IDSA, we believe the two are inter-linked as current financial frauds are often looked under the Price Control and Money Circulation Schemes (Banning) Act, 1978, and from our perspective, incorrectly applied to the direct selling industry from time to time. Mary Kay, an IDSA member company, had closed its India operations, after the MD of a leading direct selling company was arrested in Kerala in 2013.

Rajat Banerji, Chairman, India 1987-93, 95-96, 98-99, 2000-01, 2002-03, 2004-05, 2006-07, 2008-09, 2010-11, 2012-13, 2014-15, 2016-17



from health and human services, education to women empowerment.

We expected the Finance Minister to make a pitch for progressive tax reforms which can improve productivity of all the sectors which contribute to the FMCG direct selling industry. This will prepare India as a destination which apart from sustaining its own population in urban and rural India can also look towards becoming a source of consumer goods produce for other countries.

Q: What is the size of the direct selling industry?

A: According to the IDSA-PHD Chamber of Commerce and Industry Survey 2014-15, the gross sales for the industry stood at Rs 7,318.3 crore in FY 14-15. The industry registered a growth of 6.5% as compared to 2.5% growth in 2013-14. In the light of various reforms announced by the government, we expect double-digit growth rate in the coming 3-5 years.

Q: What is the growth projection?

A: The size of the industry is estimated to reach up to Rs 23,634.3 crore by 2019-20 on account of conducive environment in the form of policy framework in our country. Our survey says the industry has the potential to enter double-digit growth, going ahead, on account of strong legislation, reviving investments in economy and expanding consumer base across all segments of the economy.

Q: How much employment is being created by the industry?

A: In the fiscal 2014-15, there were around 40 lakh direct sellers associated with the industry. Though the industry witnessed a decline in its workforce, we are hopeful to add more sales force in the coming years on the back of government's emphasis on 'Skill India.' Due to the absence of regulatory framework, some unfortunate incidents happened in the country. These incidents affected the approach of direct sellers. Therefore, the number of direct sellers has come down from 43.30 lakh in 2013-14 to 39.29 lakh in 2014-15. However, we see a huge potential in the sector for employment and that also with dignity and higher income especially for our women.

COVERAGE SNAPSHOT



Govt issues norms to regulate direct-selling firms

BY SOUNAK MITRA
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NEW DELHI

Firms like Amway India Enterprises Pvt. Ltd, Tupperware Brands Corp. and Oriflame India, which are engaged in direct selling in the country, must stop charging entry or registration fee from their agents or "direct sellers", ensure buy-back of unsold stocks and avoid pyramid schemes, the consumer affairs ministry said in an advisory to state governments on Monday.

Besides, the companies will have to enter into agreements with their direct sellers or

agents and ensure full refund or buy-back guarantee for goods and services sold to them, said the advisory, titled Direct Selling Guidelines 2016. In its effort to clean up the direct-selling industry, the ministry asked the state governments to consider the advisory as "guiding principles" to regulate direct selling and multi-level marketing companies to prevent fraud and protect consumer interests.

Companies operating pyramid schemes reward users for signing up more customers, and as the scheme grows, it inevitably collapses, leading to losses for a large number of customers. Such schemes are illegal in many countries,

including India.

"It (direct selling) does not require a participant to pay any entry or registration fee, cost of sales demonstration equipment and materials or other fees relating to participation. It provides a participant with a written contract describing the 'material terms' of participation," noted the guidelines.

It further added: "It has no provision that a direct seller will receive remuneration or incentives for recruitment or enrolment of new participants. It does not require a participant to purchase goods or services for an amount that exceeds an amount for which such goods or services can be

expected to be sold or resold to consumers." Besides, the guidelines have specific clauses on buy-back policy, consumer protection and grievance redressal mechanism among others.

The Indian Direct Selling Association (IDSA), a lobby group, has frequently asked the government for separate regulations for the direct-selling industry and clear exclusion from the Prize Chits and Money Circulation Schemes (Banning) Act, 1978, which currently governs the sector.

"In the absence of proper policy or guidelines, numerous fraudulent players have been taking advantage of the situation. Now that the guide-

lines are out, it shall address the current concerns of the Industry and provide much needed impetus," IDSA secretary general Amit Chanda said.

"Amway complies with the highest standard of industry code of ethics and always offers protection to consumers and distributors. Amway India does not charge any entry fee to the distributors. Further, distributors are free to exit anytime. All of Amway's products are backed by a refund policy," said Anshu Budhraj, CEO, Amway India.

The government had, in December 2014, set up an inter-ministerial committee to create a framework to regulate the direct-selling industry.

COVERAGE SNAPSHOT

RuralMarketing
Empowering Rural Entrepreneurs

MARKETING

Direct Selling Industry helps big brands to make in-roads into rural

With the help of the direct selling industry international brands are able to make in-roads into the hinterlands.

Rural India has no access to big brands due to missing malls and market complexes culture there. However, direct selling industry has been making available all the leading international brands to them through district level channels. SP Sharma, chief economist, FHD Chambers said while releasing IDSA-99ID Annual Survey Report.

The gross sales by the Direct Selling Industry stands at Rs 79,583 million in 2014-15 as against Rs 74,722 million in 2013-14. The Direct Selling Industry has registered a growth rate of about 6.5 percent in 2014-15 as compared to 4.3 percent in 2013-14, informed Rajat Banerji, Chairman, IDSA.

"On the basis of the findings, it can be said that there exists huge potential in rural areas for direct selling, not only terms of product selling but also for self-employment opportunities and women empowerment."

Zakir Hussain, Director, Internal Trade, Ministry of Consumer Affairs said that the Department of Consumer Affairs is working hard to come out with a stop-gap guidelines for the industry by May, 2016.

An Inter-Ministerial Committee has been preparing draft laws for direct selling and the term of the Committee has been extended till May 2016. Zakir Hussain, Director, Internal Trade, Ministry of Consumer Affairs, said, "We are not sure how long it will take come up with proper regulatory framework for the industry, however we are working hard for stop-gap guidelines incorporating views of the industry, States and global laws & practices."

"Conduct of the companies, conduct of sellers and consumer protect will be main features of the guidelines," the official emphasised.

Sharma said that the industry has the potential to enter double digit growth, going ahead, on account of strong legislation, reviving investments in economy and expanding consumer base across all segments of the economy. According to the survey, the industry is estimated to reach up to Rs 2,36,543 million by 2019-20 on account of conducive policy framework in our country, BIM.



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JANUARY 2016 | RURAL & MARKETING | 59

COVERAGE SNAPSHOT

8 Companies

THE ECONOMIC TIMES

THE ECONOMIC TIMES | NEW DELHI | THURSDAY | 18 SEPTEMBER 2014

TOP DIRECT SELLERS ISSUE NOTICE TO E-TAILERS

Amway and Tupperware Seek to Halt Sales at Online Retailers

Online sales hit their distributor model and dent earnings, feel direct selling firms

Ratna Bhushan
@timesgroup.com

New Delhi: Direct selling firms are facing the heat from online retailers. Amway, Tupperware and Oriflame have issued notices to e-commerce sites including Snapdeal, Flipkart and eBay asking them to stop selling their products.

The merchandise of these three direct sellers is not only offered at discounts as high as 40% but also bypass and strike at the very heart of the direct-sales distributor model that these firms follow globally.

In the direct selling model, there are no sales through traditional retail outlets — companies hire distributors who, in turn, sell products to consumers. Most times, errant distributors themselves supply unsold stocks to e-commerce sites and the firms are working to identify and penalise them.

"Oriflame products are not allowed to be sold by unauthorised persons, entities and means and we have issued notices to these e-commerce platforms that are selling our products. The sale of our products on these online platforms not only diverts sales from our distributors but also undermines the essence of direct selling as a proposition," Vivek Katoch, director - corporate

Facing The Heat

The merchandise is offered at discounts as high as 40% and bypasses the direct sales distributor model

The sale of our products on these online platforms not only diverts sales from our distributors but also undermines the essence of direct selling.

VIVEK KATOKH
ORIFLAME

The industry, with estimated sales of ₹ 7,000 crore, is one of the fastest-growing non-store retail formats

affairs at Oriflame, maker of cosmetics and personal grooming products, told ET.

Katoch said from a consumer point of view, some products need recommendations and usage details, which is not possible with online sales.

Tupperware, which sells plastic storage containers, too, has written to e-commerce sites. "We have written to many of the e-commerce sites informing them about the disruption they are causing to our distributors and sales force and requested them to stop selling our products on their websites," Tupperware CMO Chandan Dang said. Dang added that the easy availability of discounted products on

e-commerce sites has been disruptive for the firm's distributors and sales force and is hitting their earnings.

The emergence of e-commerce sites, which are online marketplaces where vendors can sell a range of products, has disrupted traditional models of retailing. Earlier, some manufacturers had warned shoppers against buying their products from e-commerce sites, which they said were not authorised sellers.

Snapdeal, which has a network

of more than 50,000 merchants and brands, said all vendors on its site are registered only after their applications are reviewed.

"Snapdeal.com is an online marketplace where businesses can list and sell their products across diverse categories. All sellers are screened and registered businesses. The decision on the pricing solely rests with the sellers," a spokesperson for Snapdeal said. The direct selling industry, with estimated sales of ₹7,000 crore and growing at 12-14%, is one of the fastest growing non-store retail formats in the country.

A spokesperson for the country's largest direct selling firm, Amway, which sells nutrition and beauty products, said: "Our code of conduct explicitly states that unauthorised Internet selling violates agreements with Amway and our rules department regularly monitors this activity to prevent prohibited selling. We have taken legal action in the past when these rules are violated and will continue to do so to protect customers and individual entrepreneurs — Amway business owners (ABOs)."

Amway business owners are the 'only' authorised sellers of Amway products. The firms have also written to the government through the Indian Direct Sellers Association (IDSA) to issue clear guidelines on this matter to protect the industry.

COVERAGE SNAPSHOT

20 Companies: Pursuit of Profit

THE ECONOMIC TIMES | NEW DELHI | TUESDAY | 13 SEPTEMBER 2016

Govt Issues Guidelines to Regulate Direct Selling Cos

Move aimed at protecting consumers and forbidding firms from exaggerating benefits of products

Our Bureau

New Delhi: The government has issued guidelines to regulate direct selling companies such as Amway, Oriflame, Avon and Tupperware, with clear provisions to protect consumers and forbid firms from exaggerating the benefits of products or changing a fee from their agents.

Direct selling companies applauded the consumer affairs ministry for the guidelines, which industry executives said would weed out fraudulent players, help serious companies grow, protect consumers and disallow ecommerce platforms from offering their products without consent.

The Centre has asked the states to implement the guidelines for companies involved in direct sales to customers, bypassing retail stores.

"We have sent an advisory to state governments on the model framework for guidelines on direct selling after consultation with industry and stakeholders. Some states have already made their guidelines and can make changes locally," said Hem Pande, secretary in the Department of Consumer Affairs.

"The state governments will also set up a mechanism to monitor/supervise the activities of direct sellers, direct selling entity regarding compliance of the guidelines," the consumer affairs ministry said in a note dated September 9.

Pande said currently, direct selling had no guidelines. "Some companies took fees from members, others didn't. If we get a good

response, then we may come with a regulation. As of now, it will be voluntary. To promote and grow direct selling, we need guidelines," he said.

The guidelines seek to protect consumers and sales agents and bar ecommerce platforms from offering products or services of direct sales companies without their written consent.

The guidelines say agreements between a company in this business and its agents should comply with provisions of the Indian Contract Act, 1872, and agents should not be asked or induced to buy more products that what can be expected to be sold to consumers. Further, agents should be allowed to withdraw their participation and get a refund for goods and services.

A recent report by Ficci-KPMG showcased the potential for direct selling in India, projecting potential growth of more than 800% for the industry — reaching a volume of ₹64,500 crore by 2025, up from the current ₹8,000 crore.

Amit Chadha, secretary general

HEM PANDE
Secretary, Dept of Consumer Affairs

We have sent an advisory to state govts on the model framework for guidelines on direct selling after consultation with industry and stakeholders

Fair Play

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What The Guideline Says:

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of the Indian Direct Selling Association, said the sector has the potential to reach ₹15,000 crore by 2019-20. The association comprising 14 members said the guidelines would encourage the industry. "In the absence of proper policy or guidelines, numerous fraudulent players have been taking advantage of the situation. Now that the guidelines are out, it shall address the current concerns of the industry and provide much-needed impetus," said Chadha.

Amway, which has invested more than ₹600 crore and sells more than 130 daily-use products, welcomed the guidelines. "We, along with others in the industry, plan to continue to engage with the central government in pursuit of appropriate regulations for the direct selling industry. The industry pro-

vides part-time employment opportunity to hundreds of thousands of direct sellers as well as alternate career path to those who opt for it," Amway India CEO Anshu Budhraj said.

According to Jitendra Jagota, chairman of IDSA, the draft guidelines were formulated after several rounds of meetings by an inter-ministerial committee. The committee comprised of representatives from the corporate affairs and finance ministries, Department of Industrial Policy & Promotion, Department of Revenue, Department of Information Technology and Department of Law, along with the chief secretaries of Andhra Pradesh, Kerala and Delhi. Interactions took place with industry stakeholders and trade bodies.

COVERAGE SNAPSHOT

Metro

life

Your bond with Delhi

Wednesday, August 5, 2015
DECCAN HERALD 3

city scape Metrolife

● Empowering women

Direct selling, a lucrative opportunity for many

While door-to-door selling is a common phenomenon in many localities, the numbers have increased indicating a rise in its potential, especially for women in India. Direct Selling provides accessible business opportunities to people looking for alternative sources of income, and whose entry is generally not restricted by gender, age, education, or previous experience. According to Annual Survey Report, women contribute almost 68.3 per cent in 2013-14. "Women form a significant chunk of direct sellers, and from a current 2,55,189 women, their numbers is expected to grow at eight per cent making a whopping 55,07,820 self-employed women by 2025," informs Chavi Hemant, secretary general, Indian Direct Selling Association (IDSA).

The IDSA which is an autonomous, self-regulatory body recognises the marketing approach as micro-entrepreneurship that can inspire many small home-based initiatives. Hemant tells Metro-

life, "Initially FMCG or everyday use products were more popular but segments like wellness, cosmetics and personal care dominate the Indian direct selling market which has accelerated women self-employment and empowerment. This year, the industry focus is to further bolster and showcase the entrepreneur opportunity for women."

Hemant adds that it is interesting to note that women percentage of full-time self-employed of direct sellers stands at 64 per cent and part-timers of direct sellers stands at 36 per cent. Being in the Indian set-up, "Direct selling gives educated and semi-educated women the flexibility to manage their professional and personal lives."

Dr S P Sharma, chief economist-director research, PHD Chamber of Commerce and Industry says, "Women have significantly contributed in the economic empowerment of nation over the years. The concept of gender equality has gained momentum in light of globalisation and liberalisation and there has been a phenomenal change in the status of women over the years across the globe. Women who used to undertake only household responsibilities earlier are now effectively participating in almost all sectors of the economy. These self-employment opportunities will encourage more women."

Hemant tells MetroLife, "It is always not about money. But how confident you are as a woman. Once they start going out, they get motivated."

Jayashree Narayanan



ALTERNATIVE SOURCES Women form a significant chunk of direct sellers.

COVERAGE SNAPSHOT

WEEKEND Business Standard

PUNE | 9/10 JANUARY 2016

pg-1

Share of men in direct selling up to 42.4%

Globally, men account for 20 per cent of the workforce in direct selling

SHARE OF 11 COUNTRIES IN 2014

Rank	Country	Sales (\$ mn)	% share in global sales	Direct sellers (2014)	% share in global sellers
1	US	34,470	18.85	18,200,000	18.25
2	China	30,217	16.53	NA	NA
3	Japan	16,774	9.17	3,314,000	3.32
4	Korea	16,359	8.95	5,978,302	5.99
5	Brazil	13,037	7.13	4,495,153	4.51
6	Germany	8,915	4.88	414,057	0.42
7	Mexico	7,974	4.36	2,200,000	2.21
8	France	5,335	2.92	572,000	0.57
9	Malaysia	5,300	2.90	4,300,000	4.31
10	UK	3,880	2.12	544,000	0.55
22	India	1,174	0.64	43,834,876*	4.40
Total		182,823	78.45	99,724,641	44.52

Compiled from World Federation of Direct Selling Association
 Note: Data available on WFDSA as on August 31, 2015, NA stands for not available
 *Annual Survey 2013-14 of Indian direct selling industry
 Source: PHD Research Bureau

SOHINI DAS
 Ahmedabad, 8 January

Direct selling is largely hailed as an industry that offers a part-time work opportunity for women, however, things are different in India.

Indian men account for 42.4 per cent of the workforce in the direct selling industry against the global figure of 20 per cent.

The share of men in the Indian direct selling workforce has been steadily rising from 37.5 per cent in 2011-12 to 42.4 per cent in 2014-15. This happened at a time when the number of direct sellers declined from 4,383,287 in 2013-14 to 3,929,105 in 2014-15.

"Globally, men account for 20 per cent of the workforce in direct selling. In India, this has risen from 37.5

per cent in 2011-12 to 42.4 per cent in 2014-15," said Rajat Banerji, national head of corporate affairs at Amway and chairman of the Indian Direct Selling Association (IDSA).

"We are seeing direct selling growing in the interiors with small companies being state or region specific, which may explain greater numbers of men joining up as direct sellers," he added.

According to data from the PHD Chamber of Commerce and Industry, direct selling offers self-employment to more than 3.9 million individuals.

"A direct seller's job is misperceived as something that involves travelling, seminars and training sessions. While none of this is true, it is

keeping the ratio of women in direct selling low," said Payakkal Devadas, director, KLink Healthcare India.

"Indian men are looking to this sector as a supplementary earning opportunity because the cost of living has been skyrocketing," said S P Sharma, chief economist and director of research at the PHD Chamber of Commerce and Industry.

"The consumption basket of families has also swelled so men are exploring employment opportunities for alternative income," he added.

Gross sales by the direct selling industry stood at ₹7,958.3 crore in 2014-15, up from ₹7,472.2 crore in 2013-14.



COVERAGE SNAPSHOT

THE HINDU

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INDIA FILE
Govt projects, private investments are helping museums make a comeback in the public mind p2

EUROPEAN CHILL
Tata Steel has suffered a ten-fold loss in its June quarter in the wake of a challenging business environment in Europe p3

VOLUME IS KING
Low-ticket debit card customers will be a key growth driver, says Visa's India head TR Ramachandran p7

Attended: Benguru Chinnai, Chandrasekhar, Hattar, Hyderabad, Kochi, Kolkata, Madurai, Manipal, Marathwada, Mumbai, Noida, Thiruvananthapuram, Trichy, Tirupur, Vellore, Visakhapatnam

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BusinessLine
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Centre moves to regulate direct selling industry

Model norms bar e-comm sites from selling without approval from direct selling firms

OUR BUREAU
New Delhi, September 12

The Centre on Monday released model guidelines on direct selling, which among other things, prohibit such companies from charging any entry/registration fee from, or forcing suppliers to buy back unsold stock. It has also barred e-commerce firms from selling products without approval from direct selling firms.

Among the major companies operating in this unregulated sector in India are Amway, Oriflame and Tupperware. "The model

guidelines are being sent to the States today. They can localise the guidelines but the broad framework of guidelines will remain. Later, we may bring in a regulation too," Food Minister Ram Vilas Paswan said at a press conference here.

'Voluntary in nature'
Hem Pande, Secretary, Food Ministry, said the basic idea behind the guidelines, which are "voluntary", is to promote direct selling, adding that "it will be a win-win for both consumers and sellers."

The Ministry hopes that State governments will set up a mechanism to monitor/supervise the activities of direct sellers.

"Any direct selling entity conducting direct selling activities shall submit an undertaking to the Department of Consumer Affairs within 90 days, stating that it is in compliance with these guidelines and shall also provide details of its incorporation," an official statement said. The model guidelines also propose that agents must get a written contract describing the "material terms", a grievance redress system for consumers and have no provision that a direct seller will receive remuneration/incentives for recruitment/enrolment of new agents. Also, the direct selling agency has to be a registered entity under the laws of India.

The Direct Selling Guidelines 2016 should serve as guiding principles for State governments to consider regulating the business of direct selling and multi-level marketing to prevent frauds and protect consumers, the Ministry

said. The guidelines define a direct seller as a "person appointed or authorised, directly or indirectly, by a Direct Selling Entity through a legally enforceable written contract to undertake direct selling business on principal to principal basis."

Defining the business
Direct selling, as per the guidelines, means "marketing, distribution and sale of goods or providing services as a part of network of direct selling, other than under a pyramid scheme."

Reacting to the guidelines, Anshu Budhraj, CEO, Amway India, said: "The guidelines represent an important step that will safeguard the interests of consumers as well as identify and help protect ethical companies. We believe it will spur the growth of direct selling in India and drive entrepreneurship."

He said: "The next important step is to ensure that the States adopt these guidelines quickly as that is where the implementation will happen."

Vivek Katoch, Director (Corporate Affairs), Oriflame India, hailed the move. "Due to prohibition of the pyramid scheme by the government, the direct selling industry now has an operational and definitional clarity," he said, adding that "what makes us more relaxed is that e-commerce websites won't be able to sell the products of direct selling companies without their approval".

Amit Chadha, Secretary General, Indian Direct Selling Association, said: "In the absence of proper policy or guidelines, numerous fraudulent players have been taking advantage of the situation. Now that the Guidelines are out, it shall address industry concerns."

The new guidelines have been framed as the direct selling industry is facing problems in the absence of clear legislation that defines the regulatory framework.



Ram Vilas Paswan



Setting the terms Direct selling, according to the guidelines, means marketing, distribution and sale of goods or providing services as a part of network of direct selling, other than under a pyramid scheme

COVERAGE SNAPSHOT



COVERAGE SNAPSHOT



BHUBANESWAR | TUESDAY | SEPTEMBER 13, 2016

money 10

Govt issues model guidelines for states on direct selling

NEW DELHI: To protect consumers from frauds, the Government on Monday issued new norms mandating direct sellers to maintain confidentiality of private information of buyers as well as maintain record of complaint redressal.

It also makes it mandatory for e-retailers and online marketplaces to get prior written consent of the direct selling entities like Amway before soliciting sales.

The model guidelines, which have been sent to states, also seek to define direct selling and direct sellers as well as pyramid schemes involving chain of subscribers wherein a buyer enrolls one or more subscribers and the chain continues.

The norms also provided for direct selling companies for setting up a Grievance Redressal Committee to attend to consumer complaints that will necessarily have to carry a unique number through which they can be tracked for redressal.

Also, the guidelines mandate such firms to provide name of purchaser and seller, delivery date, procedure of returning goods and warranty.

The direct selling industry was pitching for a clearcut guidelines for the sector to remove legal ambiguities to differentiate between fraudulent ponzi schemes and genuine businesses run by them.

The process for framing proper guidelines was started in 2013 by the Government

after the police arrested the then Amway's India Chairman William S Pinckney and two company directors over allegations of fraud in Kerala under the Prize Chits and Money Circulation Schemes (Banning) Act.

The Ministry of Consumer Affairs issued the guidelines for states to regulate direct selling and multi-level marketing (MLM), that prohibited pyramid scheme as well as money circulation schemes under the garb of direct selling business.

The 'Direct Selling Guidelines 2016' framework was released by the Consumer Affairs Minister Ram Vilas Paswan and has been sent to the states/Union Territories for adoption.

The industry welcomed the move saying that it will bring clarity in the ₹7,500 crore-sector and end regulatory conflicts, leading to future growth in direct selling segment.

The Government has defined legitimate direct selling and differentiates it from pyramid and money circulation schemes to help investigating agencies identify fraudulent players.

"We are sending the model guidelines to all State Governments. States can make some changes as per their localised requirements. The guidelines were necessary for better growth in the direct selling business," Consumer Affairs Secretary Hem Pande told reporters here.

Guidelines are always

optional, he said when asked whether it would be mandatory for states to adopt these norms.

Indian Direct Selling Association (IDSA) President Jitendra Jagota said: "In the absence of proper policy or guidelines, numerous fraudulent players have been taking advantage of the situation. Now that the guidelines are out, it shall address the current concerns of the industry and provide much needed impetus".

"The guidelines on direct selling, issued by the Ministry of Consumer Affairs, represent an important step which will both safeguard the interests of consumers, as well as identify and help protect ethical direct selling companies," Amway India CEO Anshu Budhraj said.

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