

Direct Selling Industry proudly announces turnover INR 63,851 Million for FY 2011-12 beating slowdown

PHD Chamber – IDSA unveils Annual Survey Report FY 2011-12

New Delhi, 22nd March 2013:

Key Statistics

- Direct Selling Industry market size INR 63,851 Million for 2011-12;
- Expected to reach INR 1,08,436 Million by 2014-15;
- Expected to attain INR 3,40,000 Million by 2019-20;
- In the year 2011-12 Direct Selling Industry grew by 22%;
- Average turnover of Northern region reaches at 20% in 2011-12 from 15% in 2010-11;
- Average turnover of Southern region has reduced to 39% in 2011-12 from 44% in 2010-11;
- Total distributor base reported 25% growth in 2011-12 over 2010-11 and reaches approx. 50 Lakhs distributors;
- Wellness continues to contribute highest to the sales revenue at 44%;
- Fiscal contribution touches at INR 8,212 Million from the Direct Selling firms;
- Ask for centralized guidelines and regulation felt by 94% of the Direct Selling Companies;
- Expected to grow at 20% YOY for the overall industry in the next four years.

Addressing the press, **Indian Direct Selling Association (IDSA)** in association with **PHD Chamber of Commerce and Industry**, released Annual Survey 2011-12 on the Indian Direct Selling Industry today in New Delhi.

The survey was unveiled by **Ms. Ganga Murthy**, Principal Advisor, Ministry of Consumer Affairs, **Ms. Susmita Shekhar**, Secretary General, PHD CCI, **Ms Chavi Hemanth** Secretary General, IDSA, **Mr. S. Subramanian**, Chairman, IDSA and **Dr. S.P. Sharma**, Chief Economist & Head of Research, PHD Chamber.

The industry has continued to show remarkable growth and reached at 22% during 2011-12, expanding from INR 52,294 Million in 2010-11 to INR 63,851 Million in 2011-12. The robust growth in the segment has been contributed to 22.5% growth in organized sector and 17.68% growth in the unorganized segments of the industry during 2011-12. The industry grew at 24% during 2009-10, 17% during 2008-09, 13% during 2007-08 and 9% during 2006-07.

Dr. S P Sharma, Chief Economist & Head of Research, PHD Chamber of Commerce and Industry, “The Indian Direct Selling Industry has scaled remarkable growth over the years and has been expanding its horizons in India as a rapidly emerging alternate distribution channel”. The annual survey reveals that the concentration of sales of Direct Selling Industry in the Southern region has now started diversifying to the other regions of the country. Average turnover of Northern region reaches at 20% in 2011-12 from 15% in 2010-11; Average turnover of Southern region has reduced to 39% in 2011-12 from 44% in 2010-11; The Northern Eastern region has exhibited remarkable growth at around 43% Sharma said. He gave a detailed presentation on the findings of key annual facts about the direct selling industry. For more information on PHD, please refer www.phdcci.in.

According to **Dr. S P Sharma**, two Indian states have drafted out more detailed and focused guidelines for direct selling companies including Kerala and Rajasthan in November 2011 and October 2012, respectively. The Central government had constituted a committee to strengthen the regulatory and supervisory cooperation among agencies of both the State and Central governments with regards to fraudulent financial pyramid schemes. They should have the license to do business in India and should file all mandatory returns. Its mandatory to have trademarks or licences.

Mr. S. Subramanian, Chairman, IDSA informed that the growth prospects of the industry is estimated to double by 2019-20 reaching up to INR 3,40,000 Million from INR 63,851 Million in 2011-12. Though the growth of the industry vary across its different segments like organized and unorganized sections, however, overall the industry is slated to grow at an average of more than 20% in the next four years.

Mr. S. Subramanian further stated, "Direct Selling Companies have been active towards the growth of the indian economy by contribution to the exchequer. The total tax paid by the IDSA member companies amounts to INR 8,212 million in 2011-12 as compared to INR 6,470 million in 2010-11. The growth in tax collection from the direct selling firms has increased about 26.9% in 2011-12.

The survey findings states that the products sold through this segment are appealing to consumers for its high quality standards. Direct Selling Sector helps to cater the consumers who want to have products of their choice delivered at convenient locations other than at usual retail stores.

Mr. S. Subramanian expressed that "As the Direct Selling Industry offers alternate employment opportunities, it has contributed significantly in self employment generation for the country over the years. The total distributors base of the Indian Direct Selling Industry during 2011-12 stands at 48,53,232 Lakh. It is expected to reach to 80,00,000 Lakh by 2014-15. The growth of total distributor's network of Indian Direct Selling Industry stands at 22.5% in 2011-12 over 2010-11.

Chavi Hemanth, Secretary General, IDSA stated "IDSA in collaboration with PHD Chamber as an on-going process has benchmarked monitoring of the Direct Selling sector in India. These statistics are one of the imperatives from WFDSA (World Federation of Direct Selling Association)." For more information on WFDSA, please refer www.wfdsa.org

Further she mentioned that direct sellign has come a long way by generating self employment opportunities to almost 50 Lakh distributors in India. Female distributors for the year stands at 30,33,270 where male distributors stood at 18,19,962. She also elaborated on the aspect of women empowerment- a key aspect of direct selling industry worldwide. In the Indian context, the share of women distributors has always been more than 50% in India. However, the men folk in India are also looking at the sector for supplemntary income. In the FY 2011-12, the share of men (distributors) has increased to 37.5% in 2011-12 from 36% in 2010-11 wherein many of them are looking at it as a full time career option.

She mentioned that "this report gives a Kaleidoscopic view of the vibrant Direct Selling Industry which continues to beat the slowdown yet again. Not many channels of distribution can claim to be resilient to economic downturns but direct selling of consumer goods has proven to be one of them time and again and will grow YOY consistently around 20%. It has assessed the current state of the Direct Selling Industry in India across several key parameters encompassing revenues, product



category coverage, contribution to ex-chequer and most importantly to self employment opportunities.”

She highlighted that **83%** of direct selling companies contribute to various **CSR Activities**. Out of this nearly **46%** contributed to **cause related programmes**, **38%** made contribution in kind and **32%** provided **voluntary service**. Only 16% companies made cash donations towards CSR activity.

Ms. Chavi Hemanth in her presentation clearly expressed that direct selling is the original social network whereon 83% of the sales are predominantly carried on through face to face method in the ages of facebook, twitter and social networking sites. She has then ended her presentation with key request to the Government for a separate legislation which should focus on money back guarantee, product return and following of code of ethics for all stakeholders. Once we have a clear policy, I can assure that the strength of Direct Selling Companies will manifold to an astounding turnover. For more information on IDSA, please refer www.idsa.co.in

At the end **Ms. Ganga Murthy**, Principal Advisor, Ministry of Consumer Affairs, noted that the development in the direct selling industry is inspiring with respect to generation of self-employment and larger consumer outreach. She appreciated the work undertaken by the PHD Research Bureau, the Research arm of the PHD Chamber for having compiled the Annual Report on the direct selling industry for 2011-12. She suggested that the sample size used, particularly for the consumers’ survey needs to be enhanced across various parts of the country for better understanding of their perception. With regards to the direct selling companies’ survey, she suggested an in-depth study on the structure and operation adopted by these companies in terms of MLM marketing and pyramid schemes.

The forum was concluded by **Ms. Sushmita Shekhar**, **Secretary General, PHD Chamber** and expressed feel of delight with the association between PHD and IDSA. She stated that IDSA is doing a great work by championing the cause of direct selling industry in India. She ended by stating that “We at PHD feels direct selling industry has an immense potential for growth in India. We look forward to the support of Government wherein a clear policy framework would definitely help this sector to reach to the new heights of pinnacle.”

For further information please contact:

Neeraj Shorya, neeraj@impactpr.in, 9310333595
Sujoy Chowdhury, sujoy@impactpr.in, 9310333597
Parul Kohli, parul@impactpr.in
Impact Public Relations Pvt. Ltd.