



An overview of the Direct Selling Industry in India

16th December, 2015

The Direct Selling industry in India is at a crossroad...

Current Industry Estimates

Market Size



Rs **74** billion

Self-Employment



6.2 million

~60% of the Self Employed are women...



3.7 million

Contribution to the Exchequer...



Rs. **10** billion

Some estimates suggest that with right policies by 2025 we could...



Rs **645** billion



18 million



10 million



Rs. **90** billion

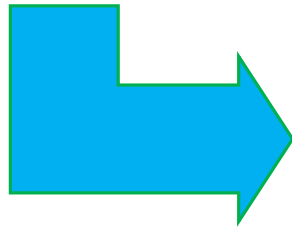
Current hurdles



Absence of a legal framework or **Statutory Definition** for Direct Selling in India

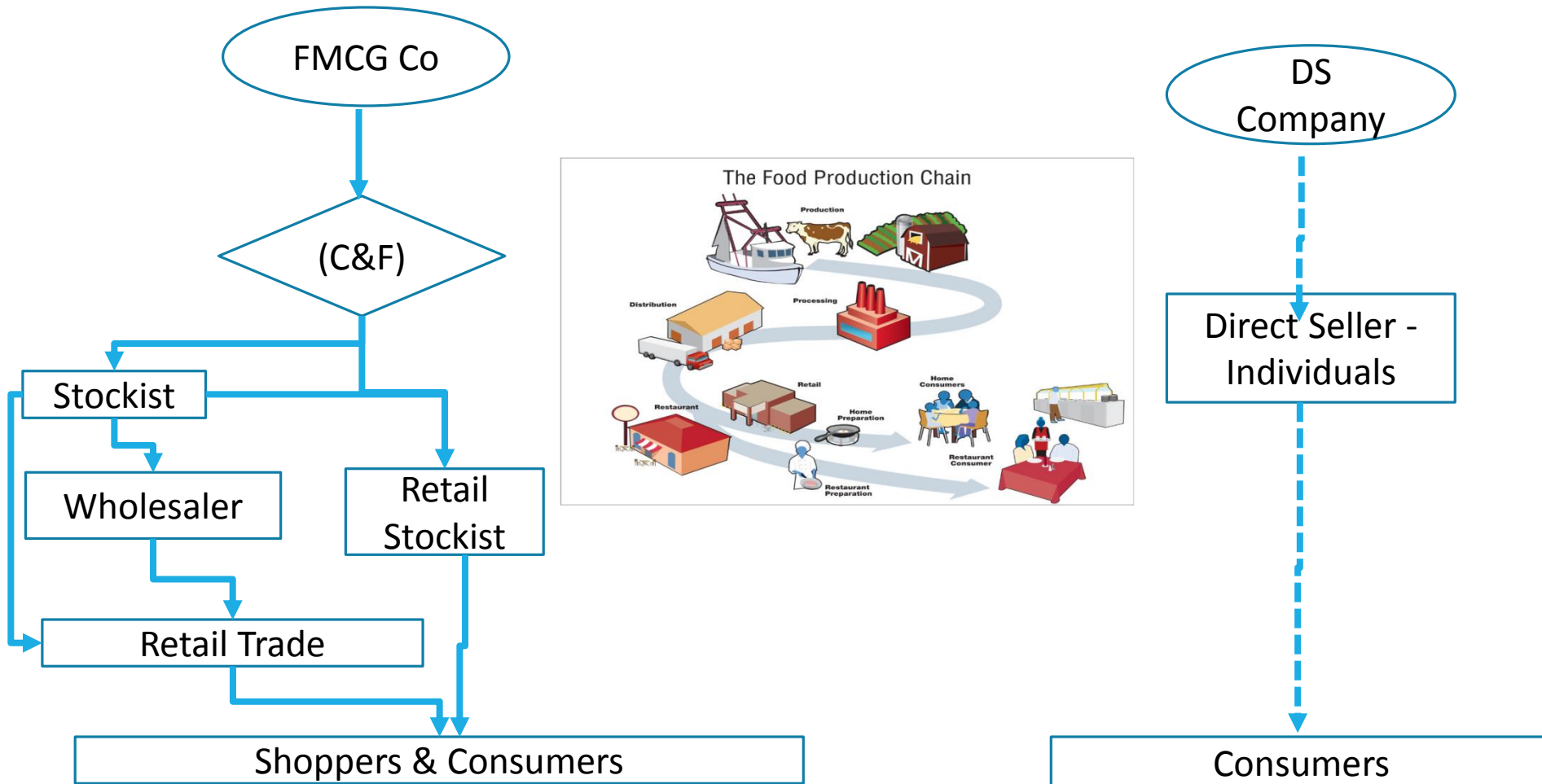


As a result, enforcement Agencies are not able to **distinguish** Direct Selling from Fraudulent Pyramid Schemes



Misapplication of Prize Chits & Money Circulation (Banning) Act, 1978 to Direct Selling Companies

Product Distribution Flow- FMCG Vs Direct Selling



Consumer Rights from Direct Selling

Totally Consumer Centric & Focused

- ▶ Right to be informed – demonstration & explanation
- ▶ Right to Choose - variety & access
- ▶ Right to Safety - product testimonials
- ▶ Right to be / heard redressed – Buyback & refund, dedicated customer care

Ensures complete consumer protection

Government is working to resolve these hurdles

1

The Govt. of India has constituted an **Inter-Ministerial Committee (IMC)** under the Chairmanship of Secretary, Consumer Affairs

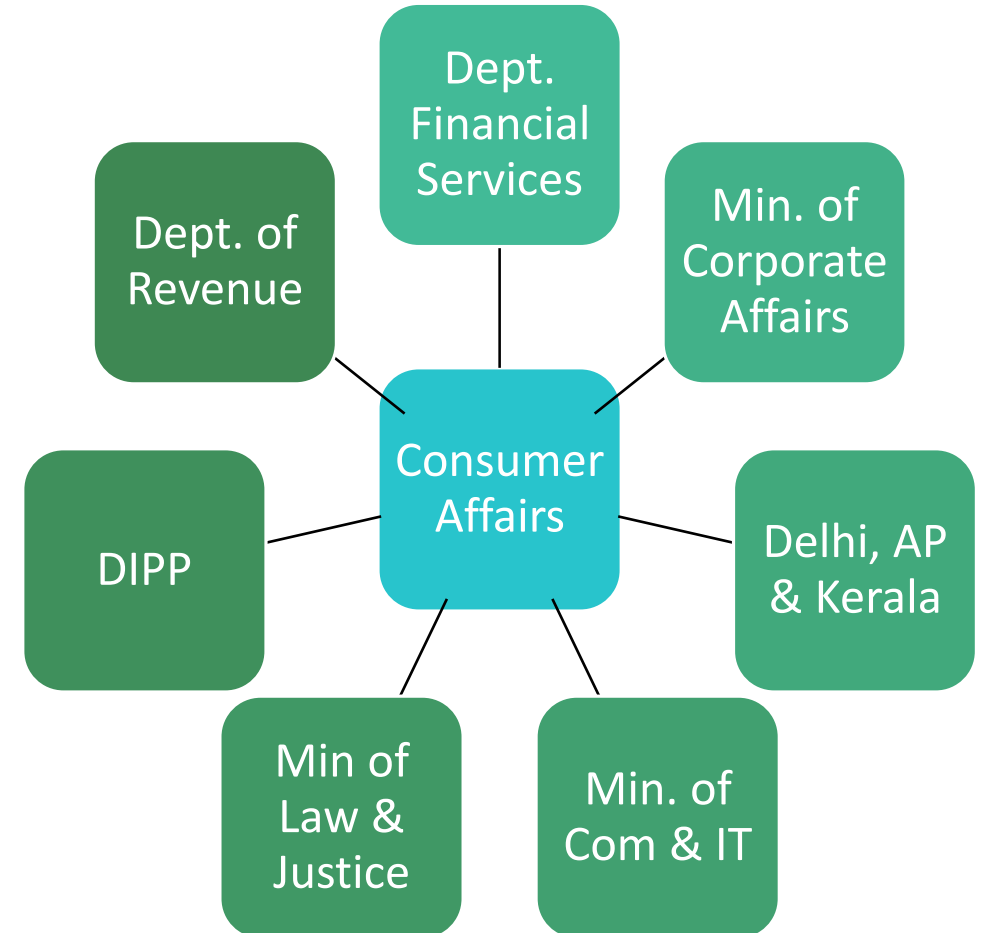
2

IICA, an autonomous think-tank under the Min. of Corporate Affairs, released a whitepaper on the “Regulation of Direct Selling in India” with an **Draft Exposure Legislation**

3

The Parliamentary Standing Committee on Finance in its 21st report recommends the adoption of the IICA’s Draft Exposure Legislation

Composition of IMC



Industry stakeholder meeting with IMC

1

Secretary Consumer Affairs and members of the IMC met the Industry stakeholders on 27th November 2015 to understand Industry feedback and suggestions

2

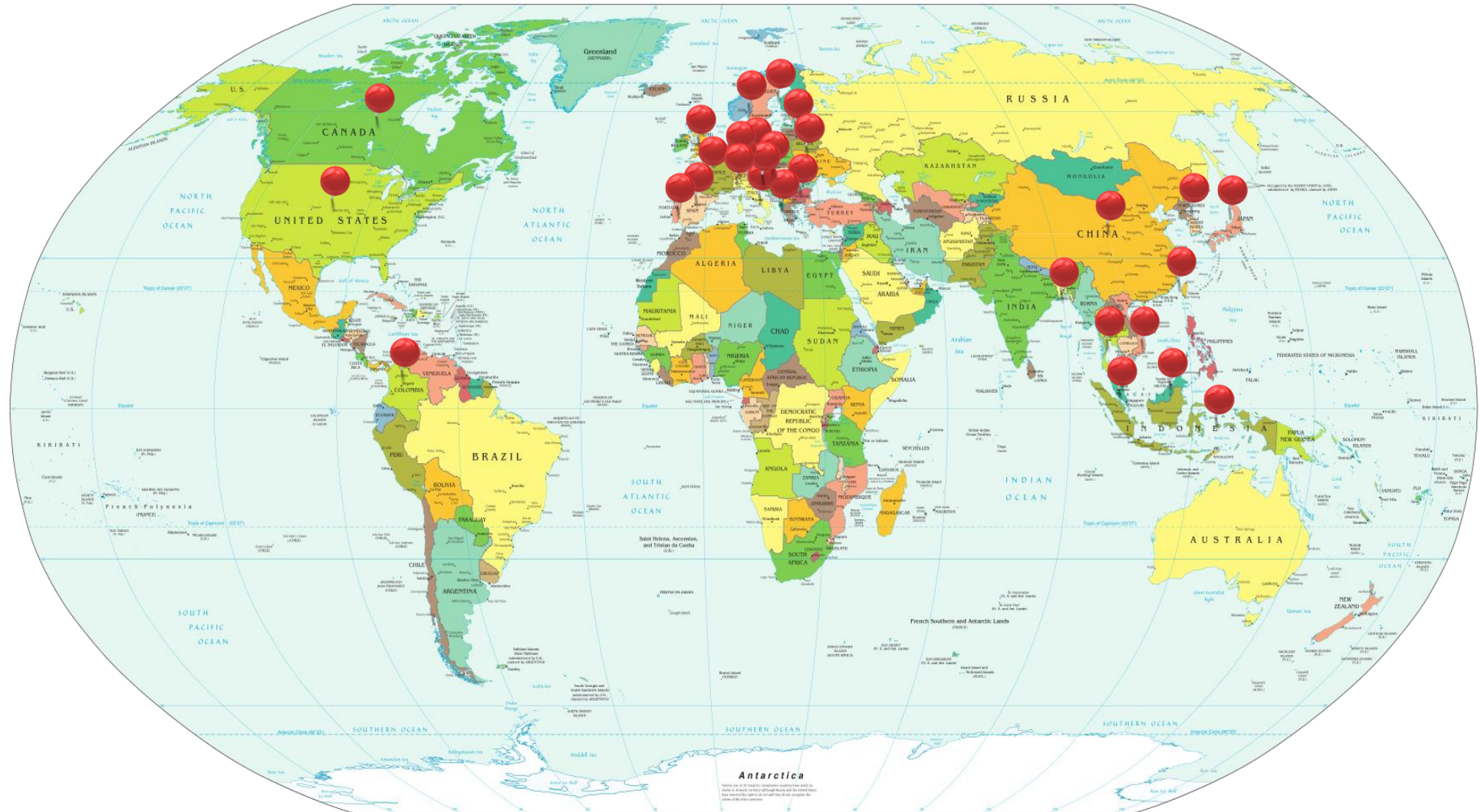
During this meeting, the Industry stressed on the need for a separate legislation for the Industry

3

We are hopeful that the IMC in its final report will recommend:

- (1) A standalone legislation for the Industry and
- (2) Developed a “draft model law” as recommended by the Parliamentary Standing Committee on Finance

Countries with Direct Selling Specific Laws



Thank you

