



*For Immediate Dissemination*

## **IDSA Stipulates Government for Clear Policy Framework for Direct Selling Industry in India**

### **Request to Government for Immediate Operational Clarity**

**Kerala, 3<sup>rd</sup> June 2013:** In an attempt to clear-out the clouds about the operational ambiguities for Direct Selling Industry in India, the member companies of the Indian Direct Selling Industry have come together and are demanding the Government for a clear policy framework while recommending the following:

1. Immediate Operational Clarity for the Industry
2. Exclusion from PCMC Act
3. Separate Legislation

The conference was organized by Indian Direct Selling Association (IDSA) in Kerala today, as all the Industry pledges to stand together against the continued harassment because of the collapse happening often between fraudulent financial pyramid schemes and Direct Selling companies. The arrest of Amway India CEO and Directors in Kerala has not only dazed the Industry but also risked the future of lakhs of independent sale distributor i.e. Direct seller working in the Direct Selling Industry in India.

Addressing the media, the companies addressed on the pressing issue of unclear and lack of holistic policy, incoherent regulatory framework that has been affecting the Direct Selling Industry in India for almost a decade.

**Ms. Chavi Hemanth, Secretary General of IDSA** said, “The industry seeks clarity over the legal framework to promote, facilitate and regulate the industry and to prevent unscrupulous elements operating under the garb of Direct Selling business thereby protecting the interest of public at large. Kerala Government has already issued Guidelines and is working in a proactive manner to come up with clear regulatory framework which can make Kerala Direct Selling Guidelines all-inclusive. The government is quiet supportive but at the ground level reality is that industry is facing operational problems. There is a confusion between Financial Pyramid Schemes and Direct Selling entities due to lack of clarity on the operational aspects. Direct Selling sector follows a multi-level compensation structure to incentivize the independent sales distributors on the basis of product sales which is distinct from Financial Pyramid Schemes, who camouflage the same as a cover up to their scheme. The lack of clarity and definitional ambiguity hinders the growth of Direct Selling in India.”

**Ms. Chavi Hemanth** also added that “We should not just focus on the Direct Selling sector alone, but such kind of incidents will also threaten and jeopardize the investment globally. Recently from our Industry only, one of our member company has closed their operations in India owing to the lack of clarity over the regulatory aspects. Further, when such unwarranted Act of detention of top officials of a company which generates a turnover of more than INR 2000 Crore will happen, it will surely give a wrong epistle to the global companies in India and will affect the investment floating into India.”

Emphasizing on Direct Selling Companies who are operating globally, **Ms. Chavi Hemanth** said, “Global experiences shows that Direct Selling Industry vary across countries. However, there are some global best practices, which can be taken into consideration while designing a regulation for Direct Selling in India. Malaysia is one of the few countries, which have a comprehensive Act relating to the Direct Selling sector-Direct Sales Act, 1993. Under which, all door-to door sales and mail order Selling in Malaysia is subject to this Act. Though, IDSA is working on these regulations but it is highly imperative to provide a legal framework to regulate Direct Selling Industry and to prevent unscrupulous elements operating in the guise of Direct Selling business and for protection of interest of public at large.”

**Amarnath Sengupta, Chairman IDSA** said, “IDSA have been continuously advocating with the Government of India since last many years and we as an Industry body association would want to emphasize on separate regulation that should govern this Industry. Due to the fact that there is no definition in the statutory books of India on the business of Direct Selling, many fly-by-night operators are mis-using the concept. In case any of consumer complaint each of the companies has their own consumer redressal mechanism. Otherwise it can be redressed through the civil laws and there is no criminality in the conduct of Direct Selling Industry.”

**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. However, with increasing importance of Direct Selling Industries in India, the Industry has been victimized by frequent fraudulent activities that have impacted the goodwill of Direct Selling businesses. I believe there should be centralized legislation across India that will enable Direct Selling Industry to operate smoothly for the conduct of their businesses.”

The CEO’s of member companies of IDSA came together as the Industry has stand together to look forward for a favorable response. They stated that the government needs to have an appropriate regulation in place that lays down conditions for identification of a legitimate Direct Selling company. The policy framework should have comprehensive approach.

**About IDSA:** Incorporated in 1996 and headquartered in Delhi, IDSA strives to create an environment conducive to the growth of Direct Selling Industry in India, partnering Industry and government alike through advisory and consultative activities. IDSA is affiliated to World Federation of Direct Selling Association established in 1978, which has 59 Direct Selling Associations across the world as its members. WFDSA is a non-government voluntary

organization, representing Direct Selling Industry globally as a federation worldwide. It is reported that worldwide retail sales by its members is US \$ 153,727 million through the activities of more than 91,533,825 independent sales persons.

To boast of our list of members, we have leading Indian and international organizations engaged in the business of Direct Selling in India.

Altos Enterprises Ltd, Ludhiana, <a href="http://www.altosindia.net">www.altosindia.net</a>
AMC Cookware (India) Pvt. Ltd, Bangalore, <a href="http://www.amc.info">www.amc.info</a>
Amway India Enterprises Pvt. Ltd, Noida, <a href="http://www.amway.com">www.amway.com</a>
Avon Beauty Products India Pvt. Ltd, Gurgaon, <a href="http://www.avonindia.in">www.avonindia.in</a>
CNI Enterprises (India) Pvt. Ltd, Bangalore, <a href="http://www.cni-india.com">www.cni-india.com</a>
Daeshan Trading (India) Pvt. Ltd, Delhi, <a href="http://www.daeshanindia.com">www.daeshanindia.com</a>
Elken International India Pvt. Ltd, Bangalore <a href="http://www.elken.com.my">www.elken.com.my</a>
4 Life Trading India Pvt, Mumbai, <a href="http://www.india.4life.com">www.india.4life.com</a>
Herbalife International India Pvt .Ltd, Bangalore, <a href="http://www.herbalife.com">www.herbalife.com</a>
Hindustan Unilever Network, Mumbai, <a href="http://www.huln.co.in">www.huln.co.in</a>
Jafr Ruchi Cosmetics India Pvt Ltd, Delhi, <a href="http://www.jafr.net.in">www.jafr.net.in</a>
K-Link Healthcare (India) Pvt. Ltd, Chennai, <a href="http://www.klinkindia.in">www.klinkindia.in</a>
Max Life Insurance Co. Ltd, Gurgaon, <a href="http://www.maxlifeinsurance.com">www.maxlifeinsurance.com</a>
Modicare Ltd, Delhi, <a href="http://www.modicare.com">www.modicare.com</a>
Oriflame India Pvt. Ltd, Delhi <a href="http://www.oriflame.co.in">www.oriflame.co.in</a>
Tupperware India Pvt. Ltd, Gurgaon <a href="http://www.tupperwareindia.com">www.tupperwareindia.com</a>
Tianjin Tianshi India Pvt. Ltd , Chennai <a href="http://www.tianshiindia.co.in">www.tianshiindia.co.in</a>
Glaze Trading India Pvt. Ltd., Delhi <a href="http://www.globalglaze.in">www.globalglaze.in</a> (Prospective Member)

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