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

Request to Government for Immediate Operational Clarity

New Delhi, 31st May 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 New Delhi 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 amidst unclear reasons has not only dazed the Industry but also risked the future of lakhs of independent sales consultants 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 incomplete policy framework that has been affecting the Direct Selling Industry in India for almost a decade.

Ms. Chavi Hemanth, Secretary General of IDSA said, “The focus of regulation should be to identify which practices are fraudulent and it should lay down certain specifications for the protection of consumers, distributors as well as Direct Selling entity. The government needs to create a conducive environment for the efficient operation of genuine Direct Selling companies and ensure that the consumers are not cheated by the fraudulent players. There is no clear and holistic definition of Direct Selling in India and as a result, the classification of Direct Selling is also not clear.”

Ms. Chavi Hemanth also added that “We should not just focus on the Direct Selling sector as alone, but such kind of incidents will also threaten and jeopardize the investment from overseas. Recently from our Industry only, one of our member company has shut their business owing to the lack of clarity over the regulatory aspects. Further, when such unwarranted act of detention of top officials of a company who are generating a revenue of INR 2288 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. Therefore, there can be provisions for licensing and registration of Direct Selling companies which help to identify legitimate companies and thereby secure their interest. Hence it is extremely important to define a distinction between Direct Selling Companies and fraudulent financial pyramid schemes which operate under the garb of Direct Selling companies. The policy framework should have comprehensive approach.”

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

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