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NEWS / BUSINESS NEWS / INDIA BUSINESS NEWS / GOVT PROPOSES NORMS TO PROTECT DIRECT SELLERS &amp; MAKE DIRECT SELLING ENTITIES ACCOUNTABLE

## Govt proposes norms to protect direct sellers & make direct selling entities accountable

Dipak K Dash / TNN / Jul 1, 2021, 06:01 IST

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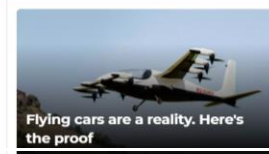
NEW DELHI: Direct selling companies such as [Amway](#), [Oriflame](#), [Tupperware](#) and all other such entities in the domestic market would be barred from charging any entry or registration fee or the cost of equipment and materials for sales demonstration from their agents. The draft rules for direct selling notified by the consumer affairs ministry has described such agents as "direct sellers".

Earlier in 2016, the ministry had come out with a set of guidelines for the sector, which were advisory in nature. But now the proposed rules under the [Consumer Protection Act](#) will have legal backing and violation will attract penalties.

As per the draft rules, every direct selling entity carrying out business in India will have to be registered with the industries department (DPIIT) and must have at least one office in India. The registration number has to be displayed prominently on its website and all invoices. They will be required to have dedicated executives to address grievances and to comply with the government directives. Such entities will also need to have a 24x7 customer care number to resolve their issues.



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The proposed rules specify that no direct selling entity will be allowed to promote "Pyramid Scheme" and participate in "Money Circulation Scheme" in the garb of direct selling business. Pyramid scheme is a business model that recruits members via a promise of payments or services for enrolling others into the scheme, instead of sale of products or services.

The direct selling industry has been urging authorities not to treat them as "pyramid" schemes. It claims while direct selling businesses are registered with local regulatory bodies under existing laws, "pyramid schemes" are unregistered.

The draft rules say that all firms operating across the country will have to comply with the norms within 90 days.

According to the proposed rules, any direct selling entity can't refuse to take back spurious goods or deficient services and will have to refund the consideration paid for goods and services provided. It also proposes that the agent or seller will have a "cooling off period" during which he/she can change mind about an agreement made. This won't result in a breach of contract and or levy of penalty.

The draft rules also have a provision for a buy-back or repurchase policy for "currently marketable" goods which are not unpacked.

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