



Code of Ethics

of

Indian Direct Selling Association



INDIAN DIRECT SELLING ASSOCIATION – CODE OF PRACTICE

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Glossary, Terminology & Interpretations

Code	This document in its entirety
Code Administrator(s)	Independent person(s) appointed by the IDSA to monitor Direct Selling Entity's observance of the DSA's Code and to resolve complaints under the Code
Consumer	Any person who purchases for a consideration and consumes products or services from a Direct Seller or a Company.
Direct Selling	Direct Selling" means marketing, distribution and sale of goods or providing of services as a part of network of Direct Selling, other than under a pyramid scheme, to the consumers, generally in their houses or at their workplace or through explanation and demonstration of such goods and services at a particular place.
Direct Selling Entity	Direct Selling Entity", means an entity which sells or offers to sell goods or services through a direct seller and/or sells or offers to sell goods or services directly to consumers and a member of IDSA.
Direct Seller	Direct Seller" means a person appointed or authorized, directly or indirectly, by a Direct Selling Entity through a legally enforceable written contract to undertake direct selling business on principal to principal basis. Direct Sellers are also referred as Distributor or Independent Sales Consultant (ISC)
DSA	Direct Selling Association being an affiliated national association of Direct Selling companies in India
Goods & Service (Products)	"Goods" means goods as defined in the Sale of Goods Act, 1930 and "Service" means service as defined in the Consumer Protection Act, 1986;
IDSA	The Indian Direct Selling Association IDSA is an autonomous, self-regulatory body for the direct selling industry in India. The Association acts as an interface between the industry and policy-making bodies of the Government facilitating the cause of Direct Selling Industry in India. IDSA is affiliated with WFDSA, as the sole Indian arm.
Inventory	Goods, sales materials, aids and kits required by Direct Sellers for the purposes of their business.
Member	As per definition of Direct Selling Entity but may also include an associate or supplier member.
Network of Direct Selling	Network of Direct Selling" means a network of Direct Sellers at different levels of distribution, who may recruit or introduce or sponsor further levels of direct sellers, who they then support. "Network of Direct Selling" shall



	mean any system of distribution or marketing adopted by a Direct Selling Entity to undertake Direct Selling business and shall include the multi-level marketing method of distribution.
Order Form	A printed or written document confirming details of a Consumer order and providing a sales receipt to the Consumer. In case of Internet purchases, a form containing all terms of the offer and purchase provided in a printable or downloadable format.
Party Selling	Selling, through explanation and demonstration products to a group of prospective customers by a direct seller usually in the home of a hostess who invites other persons for this purpose.
Selling	Selling includes contacting potential customers, presenting and demonstrating products, taking of orders, delivery of goods and the collection of payment.
WFDSA	WFDSA, based in Washington DC, is the leading international non-governmental organization representing direct selling industry worldwide as a federation of national Direct Selling Associations.



INDIAN DIRECT SELLING ASSOCIATION – CODE OF ETHICS

Part I. Introduction

1.1 Objectives

- Encouraging ethical practices by Direct Selling Entities
- Protecting the interest of the consumers and Direct Sellers
- Encouraging practices of protection of information of Direct Sellers and Consumers
- Maintaining healthy competition among member companies
- Encouraging Direct Selling Entities to have transparency with Consumers & Direct Sellers with regards to policies of individual Direct Selling Entity
- Playing an important role in complaint redressal from Consumers and Direct Sellers
- To prohibit advertising and promotion which is misleading or deceptive
- Provision of comprehensive complaints and disputes procedures
- Mechanisms to ensure that the Code is administered

1.2 The Association

IDSA hereby sets forth the Code of Ethics with which its member companies shall comply in the conduct of their businesses.

1.3 Condition of Membership

It is a condition of membership of the IDSA that this Code is strictly complied with.

1.4 Pledge

Direct Selling Entity of the IDSA pledge to adopt and enforce a code of conduct that incorporates the substance of the provisions of this Code as a condition of admission and continuing membership in the IDSA. Direct Selling Entity also pledge to publicize this Code, its general terms as they apply to Consumers and Direct Sellers, and information about where Consumers and Direct Sellers may obtain a copy of this Code.

1.5 WFDSA Model Code of ethics

WFDSA Code of Ethics incorporates all of the World Direct Selling Code of Conduct principles covering the activities of companies and individuals engaged in Direct Selling.

1.6 Applicability of Codes to Direct Sellers

Direct Sellers are not bound directly by this Code, but, as a condition of membership in the Direct Selling Entity's distribution system, they shall be required by the Direct Selling Entity with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.



1.7 Self – Regulation

This Code is not law, but its obligations require a level of ethical behaviour from Direct Selling Entity and Direct Sellers which conforms with or exceeds applicable legal requirements. Non-observance of this Code does not create any civil law responsibility or liability. With termination of its membership in IDSA, a Direct Selling Entity is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a Direct Selling Entity was a member of IDSA.

1.8 Local Regulations

Direct Selling Entity and Direct Sellers must comply with all requirements of laws in India. Therefore, this Code does not restate all legal obligations; compliance by Direct Selling Entities and Direct Sellers with laws of India that pertains to Direct Selling is a condition of acceptance by or continuing membership in IDSA.

1.9 Extra Territorial Effect

IDSA pledges that it will require each member as a condition to admission and continuing membership in the IDSA to comply with the WFDSA World Codes of Conduct for Direct Selling with regard to direct selling activities outside India, unless those activities are under the jurisdiction of Codes of Conduct of that country's DSA, which is affiliated to WFDSA.

Should a company be subject of a Code Complaint in a country in which it is not a member, the company must accept jurisdiction of the Code Administrator in India, or if the Direct Selling Entity is not a member in India, then in any country in which it is a DSA member, and shall bear reasonable costs incurred by the home country Code Administrator associated with resolution of the Complaint. Moreover, the Code Administrator(s) of India may coordinate with the Code Administrator (if one exists) of the complainant's country and, in evaluating the alleged Code Complaint, apply, in order of priority, (i) the standards of the Code of Ethics in the country in which the complaint is filed, or (ii) the standards of the Code of Ethics in India, or, (iii) at a minimum, the standards set forth in the WFDSA Code of Ethics.

2. Scope

- a) The Code contains sections entitled "Conduct for the Protection of Consumers", "Conduct Between Direct Selling Entities and Direct Sellers" and "Conduct Between Direct Selling Entities." These three sections address the varying interactions across the spectrum of direct sales. The Code is designed to assist in the satisfaction and protection of Consumers, promote fair competition within the framework of free enterprise and enhance the public image of Direct Selling.
- b) This Code covers all of Indian Direct Selling Association (IDSA) members, their staff, contractors, distributors, agents and Independent sales consultant/ Direct Sellers, including full and associate members while engaged in Direct Selling, for the sale of either products or services.
- c) A member of IDSA may terminate their membership and their obligation to adhere to the Code by resigning formally from the IDSA giving fourteen days' notice. This however does not negate the obligation by the member to fulfil obligations incurred during the period of their membership.
- d) Obligations to comply with the Code shall not cease until the last obligation to do anything required by the Code has been performed.



3. Citation

This Code may be cited as the Code of Ethics.

Part II. Conduct for the Protection of Consumers

2.1 Prohibited Practices

Direct Sellers shall not use misleading, deceptive or unfair sales practices.

2.2 Identification

At the initiation of a sales presentation, Direct Sellers shall, without request, truthfully and clearly identify themselves; the identity of their Direct Selling Entity; the nature of their Products; and the purpose of their solicitation to the prospective Consumer.

2.3 Explanation and Demonstration

Direct Sellers shall offer Consumers accurate and complete product explanations and demonstrations regarding price and, if applicable, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Direct Sellers shall give accurate and understandable answers to all questions from Consumers. To the extent claims are made with respect to product efficacy, Direct Sellers should make only those verbal or written product claims that are authorized by the Direct Selling Entity.

2.4 Order Form / Receipt

Each member Direct Selling Entity is encouraged to ensure that its Direct Sellers make available a written Order Form/Receipt if asked for by the consumer prior to the time of the initial sale. The order forms should have full details of the Direct Selling Entity and the Direct Seller which should include the name, permanent address, telephone number, terms of sale and full details of the cooling off period and buy back guarantee.

2.5 Literature

Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are deceptive or misleading. Promotional literature shall contain the name and address or telephone number of the Direct Selling Entity and may include the telephone number of the Direct Seller.

2.6 Testimonials

Direct Selling Entities and Direct Sellers shall not use any testimonial or endorsement that is unauthorized untrue, obsolete or otherwise inapplicable, unrelated to the offer or used in any way likely to mislead the Consumer.



2.7 Comparison and Denigration

Direct Selling Entities and Direct Sellers shall not use comparisons which are misleading. Points of comparison shall be based on facts which can be substantiated. Direct Selling Entities and Direct Sellers shall not unfairly denigrate any Direct Selling Entity, business or Product, directly or by implication. Direct Selling Entities and Direct Sellers shall not take unfair advantage of the goodwill attached to the trade name and symbol of another Company, business or Product.

2.8 Return of Goods

Direct Selling Entities and Direct Sellers shall offer a reasonable buy-back period permitting the consumer to return for a refund any goods already delivered which are re-sellable as new.

2.9 Respect of Privacy

Direct Sellers shall make personal or telephone contact with consumers only in a reasonable manner and during reasonable hours to avoid intrusiveness. A Direct Seller shall discontinue a demonstration or sales presentation immediately upon the request of the consumer. Direct Sellers and Direct Selling Entities shall take appropriate steps to ensure the protection of all private information provided by a Consumer, a potential Consumer, or a Direct Seller.

2.10 Fairness

Direct Sellers shall respect the lack of commercial experience of Consumers. Direct Sellers shall not abuse the trust of individual consumers, or exploit a Consumer's age, illness, lack of understanding or unfamiliarity with a language.

2.11 Referral Selling

Direct Selling Entities and Direct Sellers shall not induce a person to purchase goods or services based upon the representation that a Consumer can reduce or recover the purchase price by referring prospective customers to the Direct Sellers for similar purchases, if such reductions or recovery are contingent upon some uncertain, future event.

2.12 Delivery

Direct Selling Entities and Direct Sellers shall accomplish Consumer orders in a timely manner.

Part III. Conduct toward Direct Sellers

3.1 Direct Sellers' Compliance

Direct Selling Entities shall require their Direct Sellers, as a condition of membership in the Direct Selling Entity's distribution system, to comply with the standards of this Code.



3.2 Recruiting

Direct Selling Entities shall not use misleading, deceptive or unfair recruiting practices in their interaction with prospective or existing Direct Sellers.

3.3 Business Information

Information provided by Direct Selling Entities to prospective or existing Direct Sellers concerning the opportunity and related rights and obligations shall be accurate and complete. Direct Selling Entities shall not make any factual representation to a prospective Direct Seller that cannot be verified or make any promise that cannot be fulfilled. Direct Selling Entities shall not present the advantages of the selling opportunity to any prospective recruit in a false or deceptive manner.

3.4 Remuneration and Accounts

Direct Selling Entities shall provide Direct Sellers with periodic accounts concerning, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the company's arrangement with the Direct Sellers. All monies due shall be paid and any withholdings made in a commercially reasonable manner.

Remuneration paid to Direct Sellers shall be derived from sales of products or services to consumers. Earnings of Direct Sellers may be based on the sales and personal consumption by the Direct Sellers and their downlines.

Direct Sellers shall not receive earnings for recruiting other Direct Sellers into a sales system; except that companies may provide Direct Sellers with minimal incentives which are in accordance with local law.

3.5 Remuneration Claims

1) Direct Selling Entities and Direct Sellers shall not misrepresent the actual or potential sales or earnings of their Direct Sellers. Earnings representations and sales figures must be: (a) truthful, accurate, and presented in a manner (b)

2. Earnings representations and sales figures must be:

(a) truthful, accurate, and presented in a manner that is not false, deceptive or misleading, and (b) based upon documented and substantiated facts in the relevant market.

3. Potential direct sellers must

- a) be informed that actual earnings and sales will vary from person to person and will depend upon the skills of the seller, the time and effort put in and other factors and;
- b) be provided with sufficient information to enable a reasonable evaluation of the opportunity to earn income.

Any earnings or sales representations made shall be based upon documented facts. With great care taken to show the differences between newly recruited Direct Sellers (whose earnings may be limited) and experienced Direct Sellers. Direct Selling Entities that make or allow direct levels.



3.6 Cooling Off/Buy-Back Period

Direct Selling Entities shall provide to their Direct Sellers a reasonable cooling off/buy-back period which will entitle her/him to:

1. Direct Selling Entity shall offer Direct Seller a reasonable buy-back period permitting the consumer to return for a refund any goods already delivered which are re-sellable as new.
2. Direct Selling Entity shall offer Direct Seller a reasonable buy-back period permitting the consumer to return for a refund any goods already delivered which are re-sellable as new.

3.7 Fees

Direct Selling Entities shall not require Direct Sellers or prospective Direct Sellers to pay any entry fee or renewal fee to participate in its distribution system.

3.8 Respect of Privacy

Direct Selling Entities and Direct Sellers shall contact Direct Sellers only in a reasonable manner and during reasonable hours to avoid intrusiveness. Direct Sellers and Companies shall take appropriate steps to ensure the protection of all private information provided by a Consumer, a potential Consumer, or a Direct Seller, in accordance with applicable laws that apply to privacy and data protection.

3.9 Termination

If requested upon termination of a Direct Seller's relationship with a Direct Selling Entity

- a) Direct Selling Entities shall buy back any unsold, re-saleable product inventory, purchased within the reasonable buy-back/cooling off period.
- b) Refund the Direct Seller's original cost, less a handling charge to the Direct Seller of up to 10% of the net purchase price.
- c) The Direct Selling Entity may also deduct the cost of any benefit received by the Direct Seller based on the original purchase of the returned goods.
- d) Whether the direct seller has the right to re-join or cannot re-join is at the discretion of the company.

3.10 Inventory

Direct Selling Entities shall not require or encourage Direct Sellers to purchase product inventory in unreasonably large amounts. Direct Selling Entities shall take reasonable steps to ensure that Direct Sellers who are receiving compensation for downline sales volume are either consuming or reselling the products they purchase in order to qualify to receive compensation.

This inventory repurchase policy must be clearly communicated to Direct Sellers.

It shall be considered an unfair and deceptive recruiting practice for a company or Direct Seller to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids.



3.11 Other Materials

Direct Selling Entities shall prohibit Direct Sellers from marketing to other Direct Sellers any materials that are not approved by the Direct Selling Entity and that are inconsistent with Direct Selling Entity policies and procedures.

Further, Direct Sellers who sell Direct Selling Entity approved, legally allowed promotional or training materials, whether in hard copy, electronic, or any other form, shall (i) offer only materials that comply with the same standards to which the Direct Selling Entity adheres, (ii) be prohibited from making the purchase of such materials a requirement of downline other Direct Sellers, (iii) provide sales aids at a reasonable and fair price cost, without any significant profit to the direct seller, equivalent to similar material available generally in the marketplace, and (iv) offer a written return policy that is the same as the return policy of the Direct Selling Entity the Direct Seller represents.

Direct Selling Entities shall take diligent, reasonable steps to ensure that sales aids and similar materials produced by Direct Sellers comply with the provisions of this Code and are not misleading or deceptive.

Compensation received by Direct Sellers for sales of training and promotional materials to become or stay a Direct Seller which is, in effect, remuneration for recruiting Direct Sellers into a sales system, shall be prohibited.

3.12 Direct Seller Training

Direct Selling Entities shall provide adequate training to enable Direct Sellers to operate ethically.

Part IV. Conduct between Direct Selling Entities

4.1 Interaction

Member Direct Selling Entities of IDSA shall conduct their activities in the spirit of fair competition towards other members.

4.2 Enticement

Direct Selling Entities and Direct Sellers shall not systematically entice or solicit Direct Sellers of another Direct Selling Entity.

4.3 Denigration

Direct Selling Entities shall neither unfairly denigrate nor allow their Direct Sellers to unfairly denigrate another Direct Selling Entity's Products, its sales and marketing plan or any other feature of another Direct Selling Entity.



Part V. Code Enforcement

5.1 Direct Selling Entities' Responsibilities

The primary responsibility for compliance of the Direct Selling Entity and its Direct Sellers with the Code shall rest with each Direct Selling Entity. In case of any breach of this Code, Direct Selling Entities shall make every reasonable effort to satisfy the complainant.

5.2 Code Administrator(s)

IDSA shall appoint an independent person or body as Code Administrator(s). The Code Administrator(s) shall monitor Direct Selling Entities' observance of this Code by appropriate actions and shall be responsible for complaint handling and a set of rules outlining the process of complaint resolution. The Code Administrator(s) shall settle any unresolved complaints of Consumers based on breaches of this Code.

5.2.1 Role of Code Administrator(s)

The Code Administrator(s) may employ any appropriate remedy to ensure any individual Direct Seller shall not incur significant financial loss as a result of unfair practice by the Direct Selling Entity.

The Code Administrator(s), upon finding a member company has engaged in false, misleading or deceptive recruiting practices, may employ any appropriate remedy to ensure any complainant shall not incur significant financial loss as a result of such unfair practice, including but not limited to requiring such member Direct Selling Entity to repurchase any and all inventory, promotional materials, sales aids and/or kits which a complainant has purchased.

5.3 Remedies

The Code Administrator(s) may require the cancellation of orders, return of products purchased, refund of payments or other appropriate actions, including warnings to Direct Sellers or Companies, cancellation or termination of Direct Sellers' contracts or other relationships with the Direct Selling Entity, and warnings to Direct Selling Entities.

5.4 Complaint Handling

IDSA and the Code Administrator(s) shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints. Direct Selling Entities shall also establish, publicize and implement complaint handling procedures under their individual complaints, handling processes to ensure prompt resolution of all complaints.

5.5 Complaint Redressal Procedure

A complainant can be a Consumer, Direct Seller or a Direct Selling Entity, which is a member of IDSA.



If any complainant has a complaint against a Direct Selling Entity, that is a member of the Indian Direct Selling Association (IDSA), we recommend the following available options.

1. Address the complaint to the Code Administrator and to the Secretary General, Indian Direct Selling Association.
2. The complaint against the company should be in writing and should include the following basic information:

- Date and details of the incident
- The parties involved
- Identify the violation of the code
- List the amount and cost of product, if relevant, also give details of invoices and other supporting documents
- Efforts you have made to resolve the matter (copies of e-mails or letters)
- Outcome of the efforts made to resolve the matter
- Responses from the parties to resolve the matter, if any
- Present status of the complaint

❖ On receipt of the complaint it will first be forwarded to the company and the Code Administrator(s). The company must respond within 21 days.

❖ Code Administrator(s) and Secretary General to review the reply from the company and if prima facie it is found to be a genuine complaint then the company will have to compensate the complainant – either financially, or replace the product, or give another product in lieu, or as advised by the Code Administrator(s). If no prima facie case to inform the complainant accordingly. All action to be completed within 21 days.

❖ Every member Direct Selling Entity must have a Code Compliance Officer/Customer Service Officer. Contact details to be made available on the Direct Selling Entity's website/with IDSA.

❖ Every Direct Selling Entity that is a member of IDSA must adhere to the Code of Ethics.

3. If the Direct Selling Entity disputes the allegations contained in the complaint, or omits or fails to take any action to represent his case within time frame given by the Code Administrator(s), then the Code Administrator(s) should proceed to settle the dispute;

- I. On the basis of evidence brought to the notice by the complainant and the opposite party, where the opposite party denies and disputes the allegations contained in the complaint, or
- II. On the basis of evidence brought to the notice by the complainant where the opposite party omits or fails to take any action to represent his case within the time given by Code Administrator(s).
- III. The Code Administrator(s) may accordingly on the basis of the material available before it either dismisses the complaint or direct the Direct Selling Entity to compensate the complainant either financially, or replace the product, or give another product in lieu thereof, or issue such other directions as may fairly resolve the dispute between the parties.

If still the complainant is not satisfied with the decision of the Code Administrator(s) then it would be advisable for the complainant to seek legal recourse for redressal of his grievances.



5.6 Publication

All Direct Selling Entity are required to publicize IDSA's Code of Ethics to their Direct Sellers and consumers.
