



Press Release

New Delhi, July 29, 2009

IDSA – Galvanizing the Industry Image

- **Direct selling turnover to double in next 3 years**
- **Cosmetics & Wellness are leading the market in the product category of direct selling**
- **Emergence of fraudulent pyramid schemes biggest threat to the direct selling industry**
- **Direct Selling to attract 27 Lakhs sales consultants / distributors by 2012**

While addressing the Indian press at a **Knowledge Forum** organized by **Indian Direct Selling Association** in New Delhi, **Fredrik Widell, Chairman, Indian Direct Selling Association (IDSA)**, emphasized on the need for regulatory framework governing direct selling industry in India.

He stated, "Growing at 13% annually, a definition of direct selling as a legitimate distribution and marketing model will ensure transparency and can accelerate the growth rate manifold".

Fredrik stressed, "The growing concern of increasing number of fraudulent schemes and fly-by-night companies makes the demand for a proper legislation all the more pressing. This will not only protect the interest of legitimate direct selling companies but also that of the consumers at large".

Bullish about the growth, **Mr. Widell** quips that the industry turnover would double in next 3 years to approx. Rs.5000 crore.

Chavi Hemanth, Secretary General, IDSA further added, "15 IDSA member companies control approximately 55 % of the Indian market in direct selling".

Mr Widell informed, "The total turnover of the industry for the fiscal year April 2007 to March 2008 stands at Rs 2851 crores, compared to Rs 2522 crores in the previous year. In the year 2005-06 the total turnover of the Industry stood at Rs. 2315. The total growth recorded by IDSA member Co's during 2007-08 was 13.5 % as compared to a growth of 8.9 % in the previous year".

IDSA recognizes that value growth will have to be complemented by a parallel increase in sales force, which is also set to go up by 10%. Direct selling has successfully attracted women and new entrepreneurs to join the platform of gainful self-employment. Mr Fredrik Widell said, "Sales consultants engaged in direct selling are expected to reach around 27 Lakhs in the

next 3 years from the present 16 Lakhs. Presently nearly 68% of the sales force is women, **a figure that can further enhance**".

Ms Chavi Hemanth further informed, "The southern region has been traditionally a very good market for direct selling contributing around 30-35% to the all India sales figure. This year IDSA expects a significant rise in the **revenue** from eastern/northern part of India".

Ms Chavi Hemanth shares, "Direct selling companies from USA, Europe and South East Asia are eyeing Indian potential. Newer products and services are ready to enter the Indian market and legislation will definitely accelerate the whole process". Providing further insight into the direct selling industry, Ms Chavi Hemanth pointed out "A 14-year old industry in India with a USP of low investments and commensurate greater returns, direct selling has the potential to become the key driver of gainful Self Employment in the country".

Ms Hemanth further informed that it is possible to distinguish between a legitimate direct selling company and an illegitimate financial pyramid company. For legitimate direct selling companies business is through sale of products and recruitment is optional. On the contrary for illegitimate financial pyramid, commission is based on recruitments only. In legitimate direct selling, the entry fee to become a distributor is reasonable. Moreover, if the distributor wants to exit, legal companies buy back the unsold inventories, unlike in the financial pyramid schemes. To dispel the myth, **Ms Hemanth** stressed that no commission is made on recruitments.

Ms Hemanth voiced that **IDSA** has undertaken following initiatives to create awareness on direct selling:

- **Office based Interactive Consultation Services**
- **Industry Survey**
- **Launch of the New Website**
- **Direct Selling Magazine**
- **Socio Economic Impact Report**

About IDSA

IDSA is the Indian counterpart of the Washington-based World Federation of Direct Selling Associations (WFDSA), which regulates, strengthens and promotes direct selling in over 59 countries.

Formed in 1996, IDSA has been working with consumer groups and decision-makers to promote and create awareness about legitimate direct selling. The Association undertakes research and surveys that highlight the trends and issues related to the industry.

IDSA has currently 15 members representing both domestic and global companies of repute that include:

1. Altos Enterprises Ltd. Ludhiana www.altosindia.net
2. AMC Cookware (India) Pvt. Ltd., Bangalore www.amc.info
3. Amway India Enterprises, Noida, UP www.amway.com
4. Avon Beauty Products India Pvt. Ltd., Gurgaon www.avonindia.in
5. CNI Enterprise (India) Pvt. Ltd., Bangalore www.cni-india.com
6. Daehsan Trading (India) P. Ltd., Delhi www.daehsan-india.com
7. Forever Living Products (India) P. Ltd., Mumbai www.foreverliving.com
8. Herbalife International India P. Ltd., Bangalore www.herbalife.com
9. Hindustan Unilever Network, Mumbai www.unilever.com

10. Modicare Ltd., Delhi www.modicare.com
11. Oriflame India Pvt. Ltd., Delhi www.oriflame.co.in
12. Tupperware India Pvt. Ltd., Gurgaon www.tupperware.com
13. Max New York Life Insurance Co. Ltd., Gurgaon www.maxnewyorklife.com
14. Shriram DTH Pvt. Ltd., Chennai www.shriram.com
15. K-Link Healthcare (India) Pvt. Ltd., Chennai www.klinkindia.in

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