



For Immediate Release

## **IDSA demands regulatory framework for the sector to drive out fly-by-night operators**

### Key Highlights:

- ⇒ Emphasized on the difference between Legitimate Direct Selling and Illegitimate Direct Selling Companies
- ⇒ Emergent need to address the Fly-by-Night and Ponzi Scheme Operators in the direct selling sector damaging the industry image
- ⇒ Industry reports 24 % robust growth in the year 2009-10 with a turnover of Rs 4,120 Crores
- ⇒ In the era of youth dominating society, Direct Selling Industry is providing an unconditional employment
- ⇒ In terms of the number of direct sellers, India ranked 11<sup>th</sup> among the top direct selling countries in 2009-10
- ⇒ ICRIER Report implicates a bright future for Direct Selling Industry in India if it gets regulatory law and order by the Central Government

**Bangalore, September 22, 2011**

In an initiative to create awareness on the direct selling sector, **Indian Direct Selling Association (IDSA)** organized a Knowledge Forum at Bangalore. This was addressed by **Mr Yoginder Singh, Chairman and Ms Chavi Hemanth, Secretary General, IDSA.**

During the event IDSA released the industry message, "Direct selling is one of the most vibrant forms of micro-enterprise on the planet, transforming not only the lives of individuals, but also improving communities, and driving positive change in society at large", of Ms Andrea Jung, Chairman, WFDSA '.

While addressing the press; **Ms Chavi Hemanth, Secretary General, Indian Direct Selling Association (IDSA)** stated that the message governs the key feature of the industry i.e. to be independent.

**She further stated,** "Direct selling offers self employment opportunities to a large number of people, especially women. In terms of number, direct sellers in India ranked 11<sup>th</sup> among the top direct selling countries in 2009-10. In future, this sector is expected to offer employment opportunities not only in urban

areas but also in rural areas. Indirect employment is expected to be generated in manufacturing and the supply chain, as direct selling companies develop India as a sourcing hub”.

**Yoginder Singh, Chairman, IDSA** mentioned the vital needs of Direct Selling Industry for its growth in India. He said that the turnover of Indian Direct Selling Industry is expected to be INR 7,100 Crore by 2012-13 and this growth would be manifold once we have a regulatory framework governing the direct selling industry in India as it will harness the potential of the sector and will provide transparency in the functional and operational aspects of the industry.

**Chavi Hemanth, Secretary General, IDSA** highlighted the differences between the fraudulent companies taking the advantage of ignorant consumers in India and the legitimate Direct Selling Companies which has played an important role in Socio-economic impact.

**Chairman and Secretary General, IDSA** both explicated their concerns about the mushrooming of illegal direct selling companies acting in disguise of legitimate direct selling companies.

Hence, in purview of above, **IDSA** is conducting 'Knowledge Forum' for the first time in Bangalore to create awareness and educate people on what is the difference between legitimate direct selling company and financial pyramid schemes.

The academic report on the **Socio-Economic Impact of the Direct Selling Sector by ICRIER**, brought to light the fact that there is no clear and holistic definition of direct selling in India; as a result, the classification of direct selling is also unclear.

**Yoginder Singh, Chairman, IDSA** mentioned that Direct Selling Industry leading to the economic welfare can also have a global impact if it has a comprehensive regulatory Act as in the other countries like, **Malaysia, UK** where it is covered under some specific laws of the country and in **USA** where certain states have laws comprising for direct selling who have shown tremendous growth in this industry.

According to the **ICRIER** academic report, India has all the boosting factors for the growth of Direct Selling Industry. This study founded that the Prize Chits and Money Circulation Scheme (Banning) Act, 1978, which is sometimes cited for regulating this sector, is not applicable to direct selling and is outdated.

**Chavi Hemanth, Secretary General, IDSA** on the basis of ICRIER report mentioned few points about this industry which is as follows:

- a) This Industry is providing the employment irrespective of qualification, age, high investment barriers, etc. Hence, providing a helping hand in bringing all the categories under one roof i.e. looking forward towards India Prosperity.
- b) Direct Selling in India has maintained its continuous growth; the sales volume for the year 2009-10 was Rs. 4,120 Crores thereby registering 24% growth to the previous year.
- c) 49.44% of Direct Sellers as a part of this industry find this direct selling industry as a major income source.
- d) Direct Seller in this Industry show 88% and 80% complete satisfaction under the subcategory of male and female respectively.

**Mr. Singh informed**, “The ICRIER academic report surfaced that there are several barriers, which restrict the growth of this sector. While some of them can be address by the direct selling companies, the others

need government intervention. Barriers such as sale of limited products through this mode need for better product marketing, streamlining the supply chain and logistic have to be addressed by the direct selling companies”.

**Ms Chavi Hemanth, Secretary General, IDSA** informed, “There are broadly four areas that need government intervention. These are: **(a)** the provision of a clear definition of direct selling, **(b)** streamlining of the foreign direct investment (FDI) policy **(c)** the enactment of a governing legislation for the sector and **(d)** the establishment of a nodal ministry or single point of contact”.

The forum was concluded by **Mr. S. Subramanian, Vice Chairman, IDSA**. He stated, “Overall the direct selling sector is growing at a fast pace and the number of direct sellers are increasing”.

### **About Indian Direct Selling Association (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.

Incorporated in 1996 and headquartered in Delhi, IDSA strives to create and further an environment conducive to the growth of direct selling industry in India, partnering industry and government alike through advisory and consultative activities.

IDSA catalyses change by working closely with government on policy issues, enhancing efficiency and ushering in desired credibility, clarity & confidence in Direct Selling. Since its inception the Association has grown to several members representing over 3 million independent salespeople in India and still counting.

IDSA’s member companies are leading Indian and International Organizations engaged in the business of direct selling in India.

The association is also associated with the World Federation of Direct Selling Associations (WFDSA), a non-governmental, voluntary organization globally representing the direct selling industry as a federation of national Direct Selling Associations.

The IDSA and WFDSA table annual plans to take steps so that an environment that supports direct selling emerges and independent entrepreneurs can create fulfilling careers in direct selling similar to over 150 nations of the world.

IDSA has currently 18 members representing both domestic and global companies of repute that include:

1. Altos Enterprises Ltd, Ludhiana, <a href="http://www.altosindia.net">www.altosindia.net</a>
2. AMC Cookware (India) Pvt. Ltd, Bangalore, <a href="http://www.amc.info">www.amc.info</a>
3. Amway India Enterprises Pvt. Ltd, Noida, <a href="http://www.amway.com">www.amway.com</a>
4. Avon Beauty Products India Pvt. Ltd, Gurgaon, <a href="http://www.avonindia.in">www.avonindia.in</a>
5. CNI Enterprises (India) Pvt. Ltd, Bangalore, <a href="http://www.cni-india.com">www.cni-india.com</a>
6. Daehsan Trading (India) Pvt. Ltd, Delhi, <a href="http://www.daeshanindia.com">www.daeshanindia.com</a>
7. Elken International India Pvt. Ltd, Bangalore <a href="http://www.elken.com.my">www.elken.com.my</a>

8. Herbalife International India Pvt .Ltd, Bangalore, <a href="http://www.herbalife.com">www.herbalife.com</a>
9. Hindustan Unilever Network, Mumbai, <a href="http://www.huln.co.in">www.huln.co.in</a>
10. Jafra Ruchi Cosmetics India Pvt Ltd, Delhi, <a href="http://www.jafra.net.in">www.jafra.net.in</a>
11. K-Link Healthcare (India) Pvt. Ltd, Chennai, <a href="http://www.klinkindia.in">www.klinkindia.in</a>
12. Mary Kay Cosmetics Pvt. Ltd, Gurgaon, <a href="http://www.marykay.co.in">www.marykay.co.in</a>
13. Max New York Life Insurance Co. Ltd, Gurgaon, <a href="http://www.maxnewyorklife.com">www.maxnewyorklife.com</a>
14. Modicare Ltd, Delhi, <a href="http://www.modicare.com">www.modicare.com</a>
15. Oriflame India Pvt. Ltd, Delhi <a href="http://www.oriflame.co.in">www.oriflame.co.in</a>
16. Tianjin Tianshi India Pvt. Ltd, Delhi <a href="http://www.tianshiindia.co.in">www.tianshiindia.co.in</a>
17. Tupperware India Pvt. Ltd, Gurgaon <a href="http://www.tupperwareindia.com">www.tupperwareindia.com</a>
18. 4 Life Trading India Pvt Ltd., Mumbai, <a href="http://www.4lifeindia.co.in">www.4lifeindia.co.in</a>

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