



**Press release**

## **SOCIO ECONOMIC IMPACT OF DIRECT SELLING: NEED FOR A POLICY STIMULUS - ASSERTS ICRIER**

**The main highlights of this study focus on the following key areas for the direct selling sector or non-store retail format:**

- ✓ the provision of a clear definition of direct selling
- ✓ streamlining of the foreign direct investment (FDI) policy
- ✓ the enactment of a governing legislation for the sector
- ✓ Need for a nodal ministry

**Other key highlights:**

- ✓ Number of direct sellers increased by 4.84% during the slowdown period (2008-2010)
- ✓ Direct selling offers self-employment opportunities to a large number of people, especially women
- ✓ In terms of the number of direct sellers, India ranked 11<sup>th</sup> among the top direct selling countries
- ✓ Direct selling provided a safety net during the global slowdown as a large number of direct sellers joined this sector
- ✓ Direct selling companies are investing in setting up manufacturing units in India
- ✓ The survey found that there are several barriers, which restrict the growth of this sector.

**New Delhi: March 18,**

The Report on “Socio-Economic Impact of Direct Selling: Need for Policy Stimulus” by ICRIER and sponsored by “Indian Selling Association” and the “World Federation of Direct Selling Associations” was released today. ICRIER studied the position of direct selling, a non-store retail format that is very new and young in India. With economic development and growing consumerism, the consumer markets in India have undergone significant changes. Various store and non-store retail formats have evolved to cater to this growing market and direct selling is one such fastest growing non-store retail format.

The report is based on a pan-India primary survey of more than 2500 respondents including direct selling companies, their manufacturing and supply chain agents, direct sellers, consumers and policymakers.

Overall, the academic study found that the direct selling sector is growing at a fast pace and the number of direct sellers are increasing. In the light of the high self-employment generation potential of this sector, especially self employment of women, and its positive socio-economic impact, it is important to note that any policy decision should take into account the effect of the policy on employment in a country where unemployment rates are high.

The survey also found that direct selling companies are investing in setting up manufacturing units in India and are streamlining the supply chain. A substantial part of the products are sourced locally from contract manufacturers and this is leading to the percolation of technology, the concept of branding and packaging, etc, to Indian SMEs (small and medium enterprises).

**At the outset Yoginder Singh, Chairman, IDSA,** highlighted the following facts of the report:

- Globally direct selling is a labour-intensive industry and has a positive socio-economic impact in terms of higher self-employment, women empowerment, skill development, etc.
- Direct Selling provides economic benefits like an increase in household disposable income; technology transfer; increased sourcing from local manufacturers and development of logistics networks.
- The growth of direct selling generates indirect employment in ancillary sectors such as logistics, manufacturing and packaging.

**Further he emphasized** that the report examines the socio economic Impact of direct selling sector in India and will pave a way for creating an environment for the regulatory framework for the sector.

**Chavi Hemanth, Secretary General, IDSA,** summed up the conference made the following observations:

- Report has rightly pointed out that the persistent need of this sector is “firm & a clear definition”
- Fact & figures prove that direct selling is a promising sector.
- Direct Selling is an ideal platform for employment generation through entrepreneurship.
- Masses will boost their earning capacity and improve standard of their lives.
- Direct selling offers self-employment opportunities to a large number of people, especially women as 70% of the direct sellers are women.

Ms Hemanth, that the recommendations in the report will create an environment for regulatory framework.

At the end she extended her sincere acknowledgement to the ICRIER & Technopak team for undertaking the study and preparation of the report. This report could not have been accomplished without the efforts and supports of the IDSA members who provided unstinted support & information in completing the report.

**For details, refer to the ICRIER Report.**

### **About 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 policymaking 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 the independent entrepreneurs can create fulfilling careers in direct selling just like in over 150 nations of the world.

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

- 4 Life Trading India Pvt, Mumbai, [www.india.4life.com](http://www.india.4life.com)
- Altos Enterprises Ltd, Ludhiana, [www.altosindia.net](http://www.altosindia.net)
- AMC Cookware (India) Pvt. Ltd, Bangalore, [www.amc.info](http://www.amc.info)
- Amway India Enterprises Pvt. Ltd, Noida, [www.amway.com](http://www.amway.com)
- Avon Beauty Products India Pvt. Ltd, Gurgaon, [www.avonindia.in](http://www.avonindia.in)
- CNI Enterprises (India) Pvt. Ltd, Bangalore, [www.cni-india.com](http://www.cni-india.com)
- Daeshan Trading (India) Pvt. Ltd, Delhi, [www.daeshanindia.com](http://www.daeshanindia.com)
- Elken International India Pvt. Ltd, Bangalore [www.elken.com.my](http://www.elken.com.my)
- Forever Living Products (India) Pvt. Ltd, Mumbai, [www.foreverliving.com](http://www.foreverliving.com)
- Herbalife International India Pvt .Ltd, Bangalore, [www.herbalife.com](http://www.herbalife.com)
- Hindustan Unilever Network, Mumbai, [www.huln.co.in](http://www.huln.co.in)
- Jafra Ruchi Cosmetics India Pvt Ltd, Delhi, [www.jafra.net.in](http://www.jafra.net.in)
- K-Link Healthcare (India) Pvt. Ltd, Chennai, [www.klinkindia.in](http://www.klinkindia.in)
- Mary Kay Cosmetics Pvt. Ltd, Gurgaon, [www.marykay.co.in](http://www.marykay.co.in)
- Max New York Life Insurance Co. Ltd, Gurgaon, [www.maxnewyorklife.com](http://www.maxnewyorklife.com)
- Modicare Ltd, Delhi, [www.modicare.com](http://www.modicare.com)
- Oriflame India Pvt. Ltd, Delhi, [www.oriflame.co.in](http://www.oriflame.co.in)
- Tupperware India Pvt. Ltd, Gurgaon, [www.tupperwareindia.com](http://www.tupperwareindia.com)

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