



# Govt. Acknowledges

## Direct Selling Business

**Brings It into the ambit of 'Consumer Protection Bill'**



Guidelines  
Await  
Final Touch

Sitting on the dais (from left to right): Mr. Ashok Kulhari, Treasurer, FDSA, Mr. Surender Vats, President, DSDWA, Dr. C N Gopinath Reddy, Retd. DG, AP Police, Mr. Zakir Hussain, Director (Internal Trade), Union Ministry of Consumer Affairs, Mr. Bejon Kumar Misra, Founder, Consumer Online Foundation, Mr. Siddhartha Dasgupta, Secretary (East), FDSA, and Mr. John Khaingte, Member-FICCI Task Force Committee.

FDSA

In a major breakthrough for the Direct Selling industry in India, the Union Government acknowledged Direct Selling Industry by bringing Direct Selling into the ambit of the 'Consumer Protection Bill, 2015' and would soon be coming up with guidelines. Mr. Zakir Hussain, Director (Internal Trade), Department of Consumer Affairs, Government of India, participating in the 'Mega Awareness Program' organized by Federation of Direct Selling Association (FDSA) at Kolkata on August 27, at Birla Sabhagar revealed amidst thundering applause from a packed auditorium that an Inter Ministerial Committee has been formed in November, 2014 to look into the various concerns of the direct selling industry and to address them properly so as to protect the direct selling industry from unwanted hassles.

He said that the committee had already met thrice during the course of the year. The next meeting is likely to be held soon where, the guidelines will be discussed with all the stakeholders like FDSA, IDSA and all direct selling companies and take their feedback before finalization of the guidelines. He further informed that the 'Consumer Protection Bill, 2015' has been introduced in the Parliament in last session.

Dwelling deeply into the efforts by the



Gathering in FDSA Mega Awareness Program in Kolkata





Consumer Affairs Ministry, he said, "When we started off to look into Direct Selling industry, there was lot of confusion. However, we understood that Direct Selling is actually doing good business and tried to identify the problems and address them in an adequate manner. Initially, neither Direct Selling nor Multilevel Marketing was mentioned in the Consumer Protection Act, but now this has been included in the Consumer Protection Bill, 2015 to safe guard the interest of consumers".

Drawing attention to the KPMG report on Direct Selling industry that was recently submitted at a FICCI meeting, he said, "This revealed industry's empowerment of women and would reduce unemployment in our country, This is an incredible industry".

Congratulating FDSA for organizing the program, Mr. Bejon Kumar Misra, International Consumer Policy Expert & Founder, Consumer Online Foundation, said that it is more than 15 years since Direct Selling took off in India and still there is no legal face for the industry. "We need to take an oath today that we all would work legally and frame our own work rules. As consumers, we want prompt redressal of our grievances and hence, we need to reflect the same attitude towards our consumers", he pointed out.

Emphasizing that the direct sellers have a commitment to the Company which they are representing and the

Country, he suggested that the direct sellers should continuously ask themselves whether they have done business to the best interests of the person who is paying for the products. "You should also spend some time and resource for the benefit of the poor who are not as privileged as you are. Further, this is the only business which is driven by housewives and hence, you need to have women in the forefront", he said.

"We are all consumers. It is our money. How can any one stop us from buying a product that we want from a direct seller" he asked.

Observing that the direct sellers are job creators and not the job seekers, he said that the Modi government should learn from the direct sellers on how to digitalize India. "It is true that we cannot work without the government. But it is also not necessary that we should do what the government wants us to do. It is equally necessary that we place our advantages and disadvantages before the government and draw their attention to address our problems", he pointed out.

Dr. C N Gopinath Reddy, Retd. DG - Andhra Pradesh Police, speaking on the occasion said that







**Mr. Bejon Kumar Misra**  
Founder, Consumer Online Foundation



**Mr. John Khaingte**  
Member - FICCI Task Force Committee



**Mr. Rajiv Gupta**  
Vice President, FDSA



**Mr. Siddhartha Dasgupta**  
Secretary (East), FDSA



**Mr. Surender Vats**  
President, DSDWA

we have come a long way beginning from the barter system of earlier days to that of direct selling of the present days, which had become inevitable and a necessity. Recalling the olden days where a trader used to bring clothes and other merchandise to the doorstep of the consumer and sell, he observed that 'this is what direct selling is all about'. "There is nothing new about direct selling. It is a time tested method which is now being implemented in a better manner. The present system is not able to reach the masses. We do not have any other way but to adapt the system. We have about 12 crore direct selling distributors in the Country", he said.

"The problems that the industry is facing now are only because there is no proper definition to Direct Selling in the government. The Prize Chits & Money Circulation (Banning) Act which is made to crush the bad elements is now being used on Direct Selling companies. It needs to be understood that Direct Selling is a business and no one can curtail the freedom of the citizen", he observed.

Drawing the attention of the audience to Public Distribution System (PDS) that is being implemented in all the states, he said, "PDS is designed to reach the consumer. Direct Selling is nothing but a PDS. We need to realize that Direct Selling has become an inevitable necessity. The police are a state subject and Centre has no role in it. Hence, the State has to be

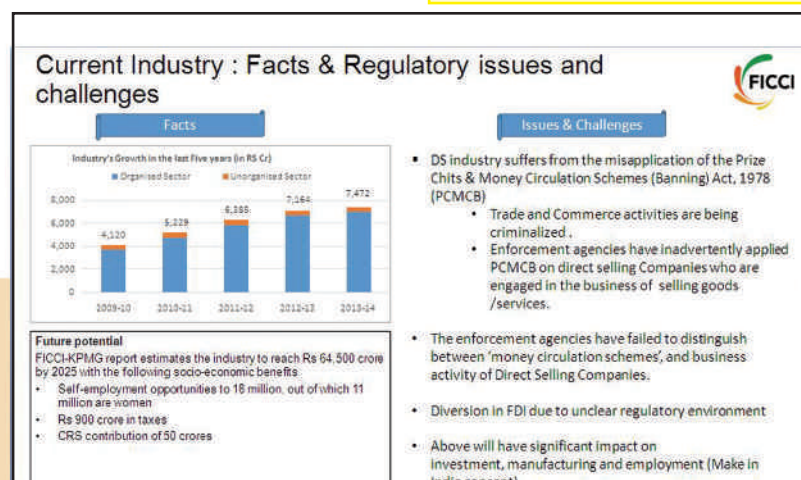
made to understand and have guidelines for every state. The interpretation will be correct only when the definition of direct selling is proper", he pointed out.

Congratulating Mr. A P Reddy, President, FDSA (who was not able to attend the event due to the sudden demise of his mother) and his team for finding a way to fix the responsibility on the department of consumer affairs, he said that every direct seller should have internal locus of control and should not indulge in wrong practices. "Ultimately, it is the society that has to approve you", he said.

Briefing on the FICCI Task Force activities during the past three years, Mr. John Khaingte, Member – FICCI Task Force Committee, said that during the meeting of FICCI delegation with Secretary, Ministry of Consumer Affairs, it was proposed to have Direct Selling as a separate

## Highlights Of The Meet

- Committee formed to look into Direct Selling Business in Consumer Affairs Department in 2014, forming guidelines on Direct Selling. Awaits final nod.
- In the budget of 2016-17, under Jago Grahak Jago, Direct Selling will also find its presence.
- Direct Selling included in the 'Consumer Protection Bill, 2015' that was tabled in the Parliament, last session.
- FICCI Task Force writes to various states stressing the 'Need of Guidelines on Direct Selling Industry'.





# Dignitaries Being Recognised



***“When we started off to look into Direct Selling industry, there was lot of confusion. However, we understood that Direct Selling is actually doing good business and tried to identify the problems and address them in an adequate manner. Initially, neither Direct Selling nor Multilevel Marketing was mentioned in the Consumer Protection Act, but now this has been included in the Consumer Protection Bill, 2015 to safe guard the interest of consumers. KPMG Report revealed industry’s empowerment of women and would reduce unemployment in our country, This is an incredible industry”***

***-- Mr. Zakir Hussain***



**Mr. Ashok Kulhari**  
Treasurer, FDSA

subject to be included in the act amendments. FICCI was asked to submit a detailed representation on how direct selling should be treated within the Act. FICCI had organized two consultations with the Direct Selling Task Force to firm up FICCI’s representation.

Further, he said, they have written letters to various states like Uttar Pradesh, Madhya Pradesh, Kerala, Andhra Pradesh, West Bengal, Assam and Bihar stressing the ‘Need of Guidelines on Direct Selling Industry’.

Detailing the facts and regulatory challenges, Mr. John said, “Direct Selling industry suffers from the misapplication of the Prize Chits & Money Circulation Schemes (Banning) Act, 1978 (PCMCB). Trade and Commerce activities are being criminalized. Enforcement agencies have inadvertently applied PCMCB on Direct Selling companies who are engaged in the business of selling goods/ services. The enforcement agencies have failed to distinguish between ‘money circulation schemes’, and business activity of Direct Selling companies. All this will have significant impact on investment, manufacturing and employment (Make in India concept)”.

“The rider to this is that we need to have a regulatory body. We are working with Central Government and various ministries and asked them for exemption or exclusion from the PCMCB Act. We have also recommended amending Section 2c of the PCMCB Act”, he said adding that FICCI is coming up with a State Level report on Direct Selling and had selected Telangana, Kerala, Andhra Pradesh, Gujarat, Tamilnadu, Assam and Punjab for the purpose.

Mr. Rajiv Gupta, Vice President, FDSA, while explaining the milestones achieved by FDSA said, “Direct Selling can change the economy of India, provided it is distinguished from those misusing the direct selling platform. Our challenge today is that a layman gets carried away very easily by those who offer promises of high return on investment. We should educate them with regard to Direct Selling that only government is authorized to give promises; business has to give products. Direct Selling is all about sale-purchase not about investment. If anyone comes to you with assurances, please report to us. We should reject the proposals of high return promises, which no economy can support. We should work on products only. FDSA had set up self policing guidelines for a disciplined industry and it would be appropriate, if all direct selling companies could adapt the guidelines in their respective companies”.

He appealed everybody to support FDSA and their cause.





**Mr. Zakir Hussain, Director (Internal Trade), Ministry of Consumer Affairs, Government of India, releasing the report of an event of Department of Consumer Affairs, West Bengal held on April 28, 2015 on 'Criteria for Measuring the Most Consumer-Friendly State(s) in India' as part of Jago Grahak Jago.**

Mr. Surender Vats, President, Direct Selling Distributors Welfare Association (DSDWA), an arm of FDSA, while introducing DSDWA, said, "There is lot of confusion in the government departments as to where direct selling actually fits into. I haven't come across anybody so far who works more than a direct seller. Direct selling is an opportunity for all. No qualification is required. And it benefits the government too. Taxes are paid on every sale and TDS is paid on the commissions earned. The best part is that there is no chance for pushing duplicate products. The various training programs improve the skills of the direct seller and create huge employment".

Projecting the statistics on employment, Mr. Vats said, "In India against a population of 1.21 billion only 39.8 per cent are employed, while in the US the population is 316 million and 64 per cent employed and in China the population is 1.35 billion and 74 per cent are employed".

***"The problems that the industry is facing now are only because there is no proper definition to Direct Selling in the government. The Prize Chits & Money Circulation (Banning) Act which is made to crush the bad elements is now being used on Direct Selling companies. It needs to be understood that Direct Selling is a business and no one can curtail the freedom of the citizen"***  
***-- Dr. C N Gopinath Reddy***

Mr. Siddhartha Dasgupta, Secretary (East), FDSA, while welcoming the gathering, said, "FDSA took the initiative to get the legislation for Direct Selling industry. Direct Selling is a great industry helping each other. It is a platform for any human being to grow. It is important that all direct sellers follow the guidelines of FDSA".

Earlier Mr. Zakir Hussain released the report of an event of Department of Consumer Affairs, West Bengal held on April 28, 2015 on 'Criteria for Measuring the Most Consumer-Friendly State(s) in India' as part of Jago Grahak Jago.

Later, inclusion of M/s Unibiz Multitrade Pvt. Ltd., from Daman was announced as a member company of FDSA and the certificate was awarded to the company during the event.

Mr. Ashok Kulhari, Treasurer, FDSA, proposed a vote of thanks. Mr. Ratan Paria, acted as the Master of Ceremony (MC).

***M/s Unibiz Multitrade Pvt. Ltd., from Daman receiving their certificate as a member company of FDSA during the programme.***

