

## **The INR 6000 cr Direct Selling Industry to Bolster Employment Opportunities - FICCI Knowledge Forum**

**New Delhi, September 17, 2013:** FICCI FMCG Division that has continuously been working on critical industry issues organized a forum aiming to address concerns and issues related to Indian Direct Selling (DS) industry.

Eminent industry experts congregated at FICCI, New Delhi to express their views on the potential and legitimacy of an industry which currently engages over 7 million people in the country and has the prospect of spurring economic activity in the country. Dr. Didar Singh, Secretary General, FICCI threw open the discussion in front of the panel including Dr. Bibek Debroy said “major problem the Direct Selling Industry faces is lack of disintermediation. Direct Selling Industry needs a law which should be fundamentally be a state level law. The direct selling industry has been on a high-growth trajectory notching up a remarkable double digit growth in the past few years. As per recent reports, the industry has reached a turnover of INR 6,385 crore in 2011 – 12. Focused on the growth drivers and Direct Selling industry’s potential of generating employment opportunities whilst contributing to the economic growth, the discussion started with views of Dr. Debroy, Indian economist who has authored the Study on “Direct Selling in India: Appropriate Regulation Is The Key” said, “Overall, India needs a more systematic policy on DS that is based on its own constitutional structure and also the realities and idiosyncrasies of the Indian economy. Unlike business models, however, the economic policy framework needs to be evenly spread across the country, and therefore the central government needs to play a leadership role in many areas. DS and MLM is one such domain, since sales and marketing in the new economy will necessarily be many times across borders, a common framework would help in creating a fracture-less marketplace.”

The Indian direct selling industry has been growing on the back of demand from the wellness, healthcare and cosmetic categories and today accounts for 35.8% of non-store retail sales, 4.41% of organized retail sales and 0.07% of GDP. Whereas countries like United Kingdom, United States of America, Thailand, Malaysia, Vietnam, Hong Kong, Singapore, and other countries across the world have already established MLM/DSI business with comprehensive law legitimizing the industry providing absolute clarity on the types of businesses are permissible and what are not it’s a well-known fact that MLMs in India currently do not come under any Indian regulator. And in the absence of a confused regulation the industry with no definition in the statutory books of India on the business of direct selling, the industry is being tainted by the alleged wrongdoing of many fly-by-night operators misusing the concept.

Talking about key policy initiatives that should be considered by the Government of India, to recognize the industry’s achievements, Dr. Arpita Mukherjee, Professor ICRIER emphasized the there is a need for a model act on Direct Selling.

Mr. Dilip Cherian, renowned Image Consultant stressed upon the dire need of changing the industry imagery in the eyes of Government. He also mentioned about the need of strong

image management besides a strong regulation as perception is one of the strong building blocks for a successful industry.

Mr. Bejon Misra, Consumer Policy Expert commented, “In the entire dialogue with the regulator, the consumer voice is not heard. Customer promises should be met and delivered the way he or she wants. In India, Direct Selling Industry has been providing consumers with a choice of quality products, being sold at their door-steps by a known person, at the most affordable price, with a guarantee of money back policies, ensuring consumer interest protection. As an additional channel, it is leading to disintermediation, reduction in transaction costs and bridging the gap between consumer prices and manufacturer prices (not so much for him)”

Further emphasizing, Head FMCG Committee, FICCI said, “India needs to have a specific statute that regulates and facilitates direct selling industry like other fast growing economies such as Thailand, Malaysia, Korea, Indonesia, China, Vietnam, Japan, Taiwan and Singapore. The recent developments in the sector have made it crucial for the Government to make a clear distinction between legitimate and illegitimate direct selling companies in India”.

The discussion resulted in formulating thoughts, ideas and solutions to get industry recognition for the Direct Selling industry and help establish it as a genuine and legal business model.

Other key speakers from the industry were Prof D. B. Gupta, Economist; Professor Piyush Kumar Sinha, Professor IIM- Ahmedabad; Raghav Gupta, Principal, Booz Consultancy; Mr. Deep Chand, Retd. Spl. Commissioner, Delhi Police.

**Dr. Didar Singh, Secretary General, FICCI** said that FICCI Direct Selling Sub-Committee will work till the end to get the clarity on the legislations governing this Industry.

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**FICCI MEDIA DIVISION**