

Guidelines

These guidelines are issued to regulate the sale of the goods and services outside of retail establishments otherwise known as “Direct selling” and to provide for the protection of the consumers who purchase goods and services from direct sellers.

These guidelines will remain in force till an appropriate legislation is enacted for the said purpose.

Definitions:

1. Direct selling:

Direct selling means marketing of consumer products/services directly to the consumers generally in their homes or homes of others, at their workplace and other places away from the permanent retail locations, usually through explanation or demonstration of the products by Direct seller or by mail order sales.

2. Direct selling entity:

Direct selling Entity means a business entity which sells or markets products with its trademark or services mark or any other identifying mark through a direct selling individual or organization.

3. Direct seller:

Direct seller means a person who is a member of the distributor system of the direct selling entity engaged in direct selling.

4. Mail order sales:

Mail order sales means sale of goods and services which a person conducts either by himself or through any person authorized by him, by receiving an offer for the sale contract by mail.

5. Pyramid scheme/money chain scheme:

Pyramid scheme/money change scheme is a scheme or arrangement which also includes any money circulation scheme as defined within the meaning of the section 2(c) and 2(e) of the prize chits and money circulations scheme (banning) Act, 1978, involving sales of goods and services, where a person for a consideration acquires the opportunity to receive a pecuniary benefit which is not dependent on the volume of goods or services sold or distributed but is based wholly or partly upon the inducement of additional persons to participate in such a scheme or arrangement.

6. Consumer:

Consumer means any person who buys or agrees to buy goods from direct seller for a consideration.

I. Conditions for valid direct selling:

The following conditions are to be complied with by direct selling and direct sellers.

- a) The Direct selling entity should be a legal entity authorized to conduct business in India and which files all returns as mandated by law.
- b) The Direct selling entity should be a valid licensee or a permitted user of a registered trademark which identifies the promoter, goods or services distributed.
- c) The Direct selling entities should maintain websites with complete details of their products/services, terms and conditions price details direct seller and all relevant information about the company and business. The websites shall be updated regularly and shall furnish all necessary information required by the district industries center.
- d) The Direct selling Entity shall not require direct seller to purchase any product or collect any membership fee as a condition precedent for enrollment.
- e) The compensation to direct sellers shall be based on the quantum of sale of goods and services.
- f) The Direct selling entity should ensure that a consumer purchasing goods or services from a direct seller shall have at least thirty days from the date of delivery of such goods and services to return the same and to receive full refund.
- g) The Direct selling Entity shall require direct sellers to provide the following information to the consumers at the sales.
 - i. Name, address and telephone number of the direct seller and direct selling entity.
 - ii. The direct selling entity shall display details of their direct sellers on their websites.
 - iii. The Direct seller entity/direct seller or their representatives shall at all times carry identity proof of their respective companies along with any photo ids issued by any government agency.
 - iv. A description of the goods or services to be supplied.
 - v. The order date, the total amount to be paid by the consumer along with the bill and receipt.
 - vi. Time and place for the inspection of the sample and delivery of goods.

vii. A notice to the consumer of the consumer's rights to cancel the order and to receive a full refund of sums paid.

viii. Details regarding the complaint redressal mechanism of the direct selling entity.

h) The direct seller/direct selling entities who call at any premises of the customers for the purpose of negotiating direct sales shall take prior permission or appointment, immediately indicate the purpose of the visit before entering the premises identify himself/herself with credentials and shall leave the premises at the request of the occupier of the premises or any person acting with the actual or implied authority of the occupier.

II. The sale activities not following the above guidelines shall not be considered as direct selling/multilevel marketing and would be dealt appropriately under relevant provisions.