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An Analysis of the Development of the Direct Selling Industry in India

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ABSTRACT:
Direct Selling (DS) is a particular set of business that engages direct sellers to foster relationships with prospective consumers, either in person or through interactions, demonstrations or through other means like social media etc. The direct sellers, sell and market the products and services of the affiliate company. They usually build a network to expand their business. Revenue is earned through commissions made on sales that affects them as well as on any sales generated through their down-the-line network of direct sellers. It is an emerging industry that fulfils the Indian Government mandate like employment generation, skill development, women empowerment, make in India, rural development, natural farming etc. and play crucial roles in the system of overall economic developmental growth. Despite of the various inbuilt qualities of this industry, it is also seen as one of the controversial business model.
This article evaluates the direct selling industry across several parameters such as employment generation, women participation, industry growth, product category coverage and its CSR initiatives through a span of five years from 2018 to 2023. It will also highlight the issues and challenges that deter the expansion of India's direct selling market.

Keywords: Direct-selling, direct sellers, product categories, employment, women participation, skilling, network, CSR, India.

Introduction

Direct selling represents one of the earliest and most popular used distribution business strategies still in practice today (Peterson & Wotruba, 1996). While the same commenced much earlier, with the California Perfume (further renamed as Avon) in 1886 (Yen et al, 2008), and Nutrilite was the first company to introduce multi-level marketing (MLM) in 1945 (Coughlan & Grayson, 1998). Over the period, this business concept has grown to be an entire sector on its own. It is recognised as one of the most populous and established business strategy (Lee & Dastane, 2019). This style of business stays pertinent and most competitive nowadays by incorporating latest technology to enhance its functional efficiency (Bhattacharjee, 2016). The same business concept is not capital intensive, enabling the direct selling companies to expand rapidly across the world in the last few decades (Coughlan & Grayson, 1998). Direct selling companies can use personal selling or group selling. One-on-one sales at home, one-on-one sales at a place of employment, sales parties at customers' homes, and sales parties at workplaces are some of the main forms of direct selling (Peterson et al 1989). Products that are effectively marketed through direct selling should possess some form of uniqueness, need significant initial presentation and result in recurring sales (Peterson & Wotruba 1996). According to Brodie et al. (2002), it is clearly significant commercial activity directly impacting on social and as well as economical front.

In 2022, the global direct selling industry brought in US$172.89 bn in the sales revenue, wherein only the top ten nations contributed 78%, out of that Indian Direct Selling industry contribution is approx. US$ 3230 mn (WFDSA Stats, August 2023).

According to the WFDSA report (2023), in the year 2021, USA, Korea, Germany, China, Japan, Malaysia, Brazil, Mexico, France and Taiwan were the top ten countries in the world for direct selling. India ranked at 11^{th} in the world ranking. Despite the fact that this industry started in the USA, Asia currently holds the largest market (41.4%), followed by North America (24.9%), Europe (20.1%), South and Central America (12.8%), Africa (0.7%) and the Middle east (0.1%). Developing countries exhibited high growth rates (Reingewertz, 2021) and the reason for this is that these countries have larger populations, and this business strategy strongly appeals to them (Widmier et al., 2020). A wide range of distinctive goods/ services adopt this business concept to reach the end consumers. Products like health and wellness, personal care and cosmetics, durable items for home, apparel and accessories, and financial services are projected to be among the top five product categories in 2022 (WFDSA, 2023). The top three categories accounted for over to 68% of global revenue.

At present, 114.9 million individuals associated with themselves as direct sellers of direct selling companies globally (WFDSA, 2023). 58% of direct sellers are in Asia, 26% in the Americas, and 12% in Europe followed next. In Asia, out of 58% direct sellers, 10.70% are Indian direct sellers. In India, it also experienced one of the fastest growth rates for non-store retail format since post-liberalization period (Hazarika & Ray, 2023). The impact of this industry is quite apparent on society. It directly contributes to the income of individual direct sellers across the different social strata (Peterson et al., 2019). Due to the inherent nature of social networking, it enhances social status and greatly contribute to the personality development of direct sellers (Chu & Segre, 2010).

The Indian Direct Selling sector is focused on the needs of its citizens and has an apparent socio-economic impact in terms of self-employment, new income prospects and cultivation of skill. This has significantly aided in the expansion of India's MSME sector by allowing these businesses to manufacture commodities domestically by outsourcing their manufacturing process (FICCI-KPMG report). It works on the concepts of chemical free kitchen/house through their products and greatly contribute towards natural farming (as per discussion with CEO/founder of Darjuv9 Pvt. Ltd.)

Companies are interested in direct selling business because the requirement of the initial amount to start a company is quite reasonable. There are no channel costs and no advertising costs. On the other hand, it is known for customised high-quality products and increased outreach. In India, the development of direct selling companies is consistent (WFDSA Stats, August 2023).

The Indian Direct-Selling is well-positioned to secure a significant role in both the international and domestic market. However, numerous issues/challenges continue to hinder their growth. The initial and primary culprits are the actions of fraudster companies who are operating under the garb of Direct Selling industry (FICCI-KPMG report).

Review of Literature

Despite even though direct selling is recognized as the earliest form of business transaction that people are aware of, and it is still not widely understood (Albaum, 1992). The same can sometimes be misinterpreted as a pyramid scheme, as noted by Vander Nat & Keep (2002) and Ella (1973). The literature offers several definitions of direct selling, which vary from country to country, leading to terminological uncertainty (Ivashkova et al., 2018). Research scholars across the globe do not differentiate much between direct selling, network marketing and multilevel marketing (MLM) and like to use them interchangeably (Heng&Ng,2020). In fact, as per the WFDSA, most suitable name of this business model is "direct-selling" and they later popularised it (Babu & Anand, 2015). Multilevel marketing is a kind of subset to direct selling (Kumar & Satsangi, 2021). This basic business characteristic involved in direct selling is social networking and hence it is also called Network marketing (Ivashkova et al., 2018). It is also known as home-based business, direct consumer marketing and referral marketing (Nadlifatin et al., 2021). It is a quite clear that multilevel marketing and network marketing is not falls under the categories of direct marketing because it involves in sales and the recruitment activities (Gitonga & Kilonzo, 2018). Direct-selling is frequently mistaken for direct marketing because of its B2C nature. Direct marketing, however, involves promoting brands and other various products or services using physical and digital materials such as flyers and TV channels (Ezekiel & Toba, 2020).

The definition of direct selling often seems contradictory and ambiguous (Peterson & Wotruba,1996). At the country level, the local governments may bring the laws (Tian,2008) and define direct selling as per their social and economic requirement. In India, the Indian Government enacted the Consumer Protection (CP) Act 2019 and defined direct-selling which is *"direct-selling refers to the distribution, marketing and sale of goods or provision of services using a network of sellers, other than through a permanent retail location"* to protect the interest of Consumers specially relating to direct selling industries. (THE CONSUMER PROTECTION ACT, 2019, Para-13 of Chapter-I).

In the direct-selling industry, direct sellers play a crucial role and hold the power to significantly impact affiliated companies. Direct sellers are known by various names that vary from country to country, such as distributors, members, sales agents, participants, and independent business leaders (Lee & Dastane, 2019). Each country has its own definition of direct sellers. In India, the Indian Government has enacted the Direct Selling Rule,2021 and defined the "Direct sellers" in Para-3(c) of the Rule, the definition of direct seller has given which is "*direct-seller means a person authorized by a direct selling entity through a legally enforceable written contract to undertake direct selling business on principal to principal basis"*. Direct-seller's sale the products and services while also recruiting sales agents to their downline, effectively performing dual roles (Keep & Nat, 2014). These direct sellers are not the permanent/temporary employees of the direct selling companies. They are having contractual written agreement with direct selling companies, and it may vary country wise. In India, as per the Direct Selling Rule, Para-5(h) and Para-6(a), it is mandated that allows direct-selling companies to *"have a prior written agreement set up with the direct sellers to allow them to sell or offer to sell its goods or services and such agreement terms should be reasonable, just, and equitable."* The entry and exit criteria for direct sellers are typically fair and transparent in most direct selling companies, allowing them to switch easily between companies based on their business interests. As per Direct Selling Rule-2021, Para-7(ii)(f), "*direct selling companies shall not charge any reasonable fee or subscription fee"*. This is a primary factor contributing to this industry's high attrition rate (Peterson & Wotruba, 1996). Direct sellers are not bound to work for single company and they are free to work even for multiple direct selling companies at the same time (DeLiema et al., 2021).

Direct selling companies customise their various compensation plan to motivate the direct sellers and enhance their businesses (Nat & Keep, 2002). Each direct-selling companies are having its own compensation plan even at the product level and hierarchy. The compensation plan is the core heart of the direct selling concept. In some countries, they have their own acts that guides compensation plans such as Poland, and Korea (Roman et al., 2021). Direct-selling consumers often join as direct sellers attracted by the companies' appealing compensation plans (DeLiema et al., 2021), making it challenging to distinguish between consumers and direct sellers. In addition to compensation plans, to attract more direct sellers, direct selling companies announce various incentive schemes such as excursion trips to foreign countries, car jeeto innam etc, from time to time (Seow,2022).

While the direct selling industry comes with numerous inherent benefits, it is also perceived as a one of the controversial business model (Aggarwal & Kumar, 2014). In many countries such as Malaysia (Yan & Ng, 2020), Myanmar and India (Girish & Dipa, 2015), the direct selling industry attracts regulatory challenges. Many direct selling companies in India are facing legal issues and several cases are pending before the various types of honourable courts including the Supreme Court of India (Hazarika&Ray,2023). Generally, public opinion about this industry is negative due to some companies are involved in fraudulent activities such as financial fraud ((Liu, 2018), disputes with direct sellers (Kustin & Jones, 1995) and are regarded as identical to Ponzi and pyramid schemes (Khare & Verma, 2016, Sobaih et al, 2021). Many companies are doing illegal business activities in the name of direct selling and cheating the gullible people causing damage to this industry (Msosa, 2022). To safeguard the interest of the common people as well as industry, the Indian Government enacted the Direct Selling Rule-2021. This rule clearly stated all the mandatory requirements of legal documents (Para-4 of DSA-21), and obligations of direct selling companies in India (Para-5 of DSA-21).

The goal of the research is to advance knowledge about the various ways in which direct selling companies have contributed significantly to the country's overall social and economic development.

Objectives:

1. To examine most recent sales revenue trend in India's direct selling market.
2. To fully understand the extent of the Indian direct selling industry's variety of products and geographic penetration.
3. To study on legal challenges/issues faced by this Industry.
4. To assess contributions of the direct selling to enhance employment.
5. To assess the CSR contribution of direct selling companies.
6. To evaluate the prospects for future growth.

Methodology

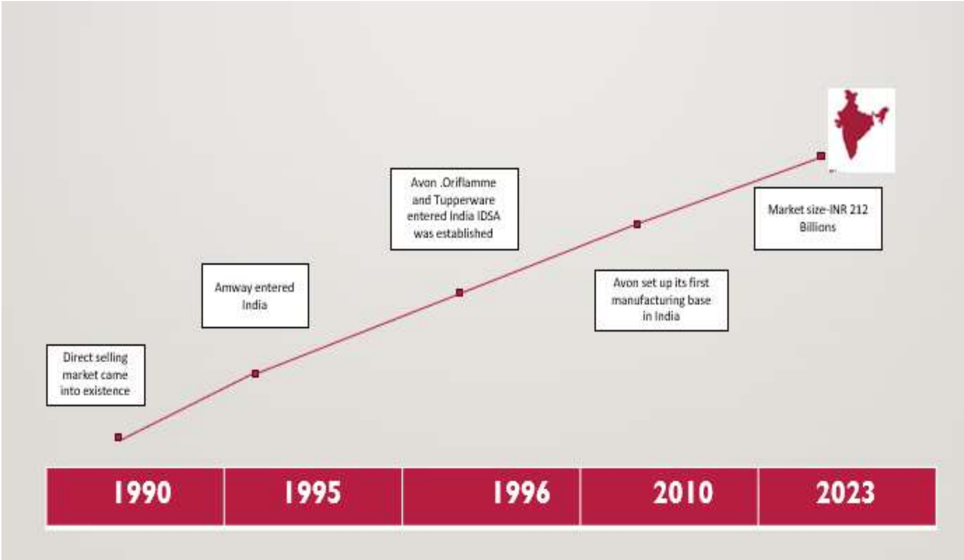
This research paper employs a systematic literature review (SLR) method to explore and identify potential areas for future study in direct selling. By meticulously selecting pertinent articles, various Acts/Rules issued by the Government of India, annual reports published by the different industrial autonomous institutions, data published by the industry associations and synthesizing the relevant literature, multiple discussions with the stake holders holding top position in their companies, the paper aims to provide comprehensive overview of the current status of this industry considering a period of past five years from 2018 to 2023 and highlight directions for future research.

Three-phase systematic literature review (SLR) has been conducted, comprising of planning, analysis and the execution in line with Antonizzi et al, (2020). The process began with development of a clear research plan. This was followed by the execution phase, which involved selecting and gathering data. Finally, a thorough data analysis was carried out, including the synthesis of information. The review drew use of scholarly peer-reviewed publications from Scopus and Google Scholar, focusing on papers from the past decade with keywords such as “direct selling,” “direct sellers”, “multi-level marketing”, “network marketing”, or “pyramid scheme”. The initial search yielded 75 articles, which were then filtered based on language (like English), and type of publications. Duplicates were removed, resulting in 50 papers selected for detailed analysis.

Historical Evolution of Direct Selling in India

This sector started to develop in the early 1980s; however, it really started functioning in the early 1990s, shortly after the nation opened to the international market for MNC’s. Following liberalization, this industry experienced significant expansion as numerous international companies joined the Indian market. Avon, Oriflame, and Tupperware were among the brands that entered India initially in 1996, along with in 1995, Amway emerged as one of the foremost global direct selling organizations. Modi Care was among the first few Indian enterprises to make use of this distribution channel at the same time (FICCI-KPMG report, 2014). Presently there are approx.450 nos. of Indian companies doing direct selling business in India and also some of them doing business abroad
(https://networkmarketinggyan.wordpress.com/companies list-in-India- 2022-23).

Even though the majority of Indian direct selling organizations had their start in the country's south, many of them currently operate throughout the entirety of India. Maharashtra and all four India’s southern states have highest percentages of the revenue generation. The country's east side and numerous tiers-2 and tiers-3 cities have recently seen greater growth in this industry. Furthermore, direct selling firms are attempting to connect with customers in unexplored markets. In India, the direct selling sector is presently valued around INR 212 bn (IDSA annual report 2023) and is dominated by the organized players, which account for about 95% of the business market. This business market has expanded to be an essential part for the country's distribution of goods/services, particularly for consumer durables, cosmetics, and products related to health and wellness, clothing, organic food items, water purifiers and vacuum cleaners. In the future, growing markets and a robust consumer base that can afford to pay more for high-quality products which deliver value are anticipated to be the main drivers of the industry's growth. Whereas in India at the moment, this industry is dealing with an array of legal and social challenges. India began to lack a comprehensive policy that detailed the industry's regulatory framework in isolation. The definition of legitimate direct selling was unclear, making it difficult to distinguish it from Ponzi/Pyramid schemes disguised as direct selling structures. The industry experienced an increase in fraudulent activities, leading to confusion between legitimate direct selling and Ponzi/Pyramid Schemes. In the year 2021, the Indian government enacted the Direct Selling Rule, 2021 and clearly defined all the parameters required for establishing a direct selling company in India. Also clearly defined the Money circulation scheme {Para-3, (i) (f)} and Pyramid scheme {Para-3, (i)(i)}.



Source: FICCI-KPMG reports (2014) and IDSA report (2023).

Legal Challenges and Regulatory Framework

In 1996, the IDSA (Indian Direct Selling Association) was established based on the ideas of self-regulation in response to the entry of both domestic and foreign businesses into the direct selling industry (IDSA report). All the members of IDSA companies have been mandated to follow the IDSA "Code of Ethics" that outlines a process for addressing complaints, encouraging ethical practices to companies, protecting consumers and direct seller interest, prohibiting companies for misleading advertisement. Furthermore, IDSA worked with various stakeholders to publish yearly survey reports detailing the industry's advancements and obstacles faced. Admittedly, IDSA has supported the Indian government's efforts to legislate the direct selling sector in order to promote competition among vendors and market participants, as well as to preserve the rights of consumers and protect industry interests. Further, it rigorously pursued the Indian government for formulating legislation on this industry, which required the expansion of the industry and the protection of the interest of the consumers and the industry. It's interesting to note that the consumer welfare legislation is not specifically addressed by the Indian Constitution. The Seventh Schedule of the Constitution grants the Union of India residuary powers, which include the authority to address consumer welfare issues. A plausible rationale for this could be that there was no regulation concerning consumer welfare when India gained its independence. The legal maxim "consumers is king" became the standard in India in 1986 when the country passed consumer welfare legislation, superseding the previous maxim "consumers beware" (Hazarika & Ray, 2023).

In India, the many companies that adopted the concept of direct selling business and multilevel marketing are viewed as suspicious as they are doing business in line with pyramid and Ponzi schemes. Due to the absence of separate regulations, the law enforcement agency evoked the PCMCS Act, 1978, as and when required. Nevertheless, a significant challenge arose as direct selling entities were frequently misconstrued as money circulation schemes and erroneously prosecuted under PCMCS Act. Prior to the Consumer Protection (Direct Selling) Rules' announcement in the year 2021, the government of India, vide office order dated October 26, 2016, notified the advisory on Model Guidelines on Direct Selling to Union Territories/State Government. Herein, it was the state government onus to implement the model guidelines and set up robust monitoring mechanisms to oversee the direct sellers' and industries operations for effective compliance with model guidelines. The said advisory dated 26.10.2016 was issued after detailed deliberations with all the concerned stakeholders along with representatives of the DPIIT, MEITY, MOF, the Department of Legal Affairs, MCA and delegates from the of A.P., Kerala and NCT of Delhi, Direct selling Associations, and various corporate houses like FICCI, PHD Chamber of Commerce etc. Thereafter, the Central Government passed the Consumer Protection (Direct Selling) Rules 2021 (DSR, 2021) (Hazarika & Ray, 2023).

DRIVERS BEHIND GROWTH IN INDIAN DIRECT-SELLING INDUSTRY

EFFECTIVE BUSINESS MODEL & PRACTICES: The direct selling companies offer unique product formulations that are not commonly found in traditional retail markets. Products uniqueness is the "Aatma" of this industry. This uniqueness attracts customers who are seeking novel and high-quality products, leading to an increase in product users and sales. Direct selling companies are using well-structured business plans that incentivize direct sellers (WFDSA Stats, August 2023).

LOW ENTRY BARRIERS AND STRONG GROWTH OPPORTUNITY: Low entrance barriers in this sector make it a desirable choice for people wishing to launch their own businesses. (Helen Trott, 2024). There are typically low upfront costs required in becoming a direct seller, and most companies extend support and training to help new direct sellers get started. The growth potential is immense, driven by hard work, dedication, honesty and ease of entry into the business.

FAVORABLE DEMOGRAPHICS: Several demographic trends are working in the favour of this sector. For e.g., the workforce is becoming increasingly flexible and mobile, which makes direct selling an appealing option for people who are looking for a way to earn income without being tied down to a traditional job (IDSA REPORT).

INCREASING HEALTH CONSCIOUSNESS: Especially, post-COVID, leading to increased demand for Ayurvedic, Chemical free health-related products and growing awareness and emphasis on health, this industry in India, particularly in wellness sector, has demonstrated consistent development and making it a strong sector (WFDSA STAT 2023). As per the industry reports, major transaction happen in the wellness products (more than 50%) and it is applicable to all direct selling companies.

FLEXIBILITY & FREEDOM: This industry offers individuals to work freedom, either part-time or full-time, not restricted with official hours (09:00 AM to 5:30PM), schedule the works as per their convenience, allowing them to complement their income or pursue entrepreneurship while maintaining other commitments (Carmen et al.,2017) It provides an opportunity for individuals, including those without having any higher academic and professional degree, to become entrepreneurs, thus contributing towards employment generation, quality of life and economic growth.

TRAINING AND DEVELOPMENT: Effective and customised training schemes for direct sellers plays a pivotal role in the success of this business. It enhances their product knowledge, presentation skills, and personality development, thereby driving sales and building loyalty. Success stories within the direct selling industry, such as distributors achieving significant milestones like purchasing luxury cars, foreign tours etc. serve as powerful motivators for others. These success stories strengthen the belief system of both direct sellers and consumers, encouraging them to work harder & harder and engage more with the company (WFDSA). Most of the direct selling companies having their own training and development programme for their direct sellers/distributors. In the year 2020, 'Centre of Excellence for Direct Selling in Academics (CEDSA)', which offers one-year PG Diploma course in Direct Selling, was jointly established by the Indian Direct Selling Association (IDSA) and Shoolini University,Solan H.P has started from Academic year 2021-22.

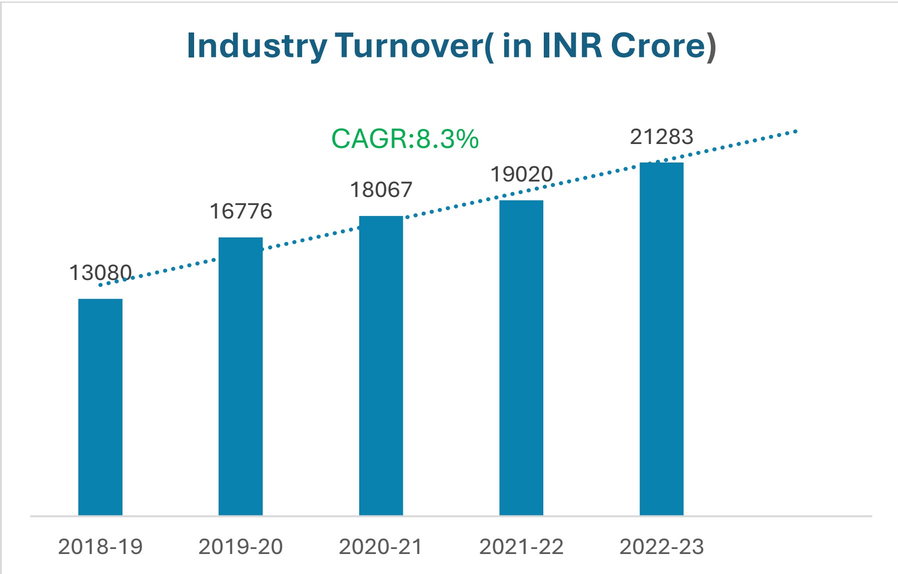
Market Size and Structure

Market Size of the Global Direct Selling

Worldwide this sector stood at around US$ 172.9 bn in 2022-23, highlighting a marginal decline of 1.5% from the industry value of US$ 175.6 bn in 2021-22. Even though COVID-19 was still having a big effect on the global economy in 2021, the direct-selling sector was usually in a good position to offer flexible product access or other revenue opportunities to partially offset this impact in many markets. Globally, the direct selling industry continues to expand, with Asia-Pacific contributing significantly to sales growth. The United States remains a leader in direct selling, closely followed by Korea. This global perspective highlights the industry's dynamic nature and its potential for further expansion (WFDSA annual survey report 2022-23).

Market Size of Direct Selling in India

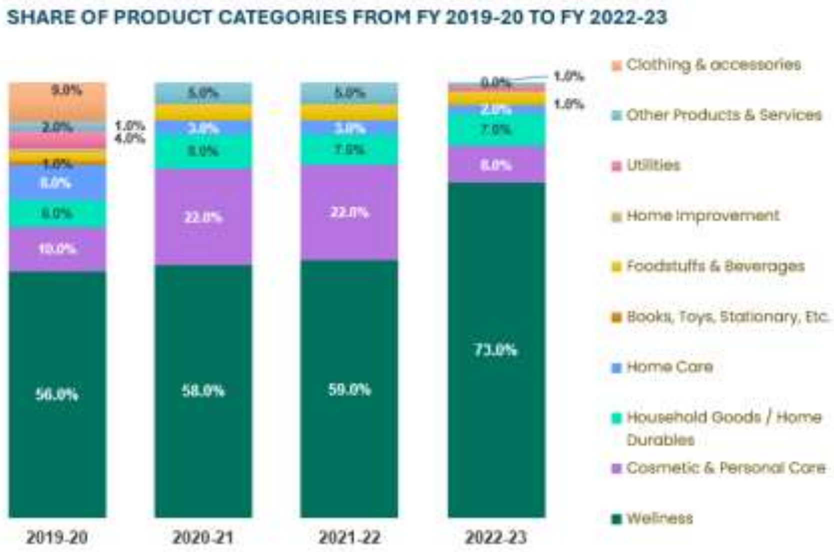
In India, this sector has emerged as a significant player, showcasing robust growth over the years and ranked as no. 11 in global direct selling. The direct-selling industry's total sales in India increased to INR 21,282 crores in 2022-23 from INR 19,020 crores in 2021-22, marking approximately a 12% year-on year growth. The industry exhibited CAGR of 8.3% from 2021-22 to 2022-23. Wellness & Nutraceuticals products emerged as the top-selling category, accounting for approximately 74% of the sales.



Source: IDSA ANNUAL REPORT 2022-23

INDIA PRODUCT-WISE SHARE DIRECT SELLING INDUSTRY FY 2022-23 (%)

The product related to wellness/health care category contributes to about 73.5% of the sales followed by beauty /cosmetics & personal care which contributes 8% share. Homecare goods and durables are in the third position with a share of 7.5%. All three are accounted for about 90% of India the sales of this sector and approximately 10% share belonging to the other categories. It has been observed remarkable rise of 14% in sales in the wellness/healthcare category from 2021-22 to 2022-23. This shows that after post-COVID, people are more concerned with their health.

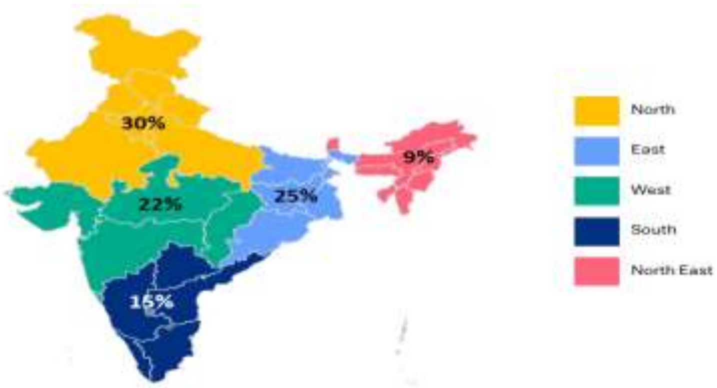


Source: IDSA ANNUAL REPORT 2022-23

Geographical Penetration of this Industry in India

In the year 2020-21, The **North zone** has emerged as a primary contributor to the direct selling products overall gross sales, comprising 30% of the total share. This zone encompasses U.P., Punjab, Chandigarh, Haryana, Rajasthan, U.K., Delhi, H.P., J&K, and Ladakh.

Following closely, the **East zone** held the second-largest share at 25%, with West Bengal playing a significant role, contributing 10% to the country's turnover. Other states in eastern zone includes Bihar, Jharkhand and Odisha.



Source: IDSA ANNUAL REPORT 2022-23

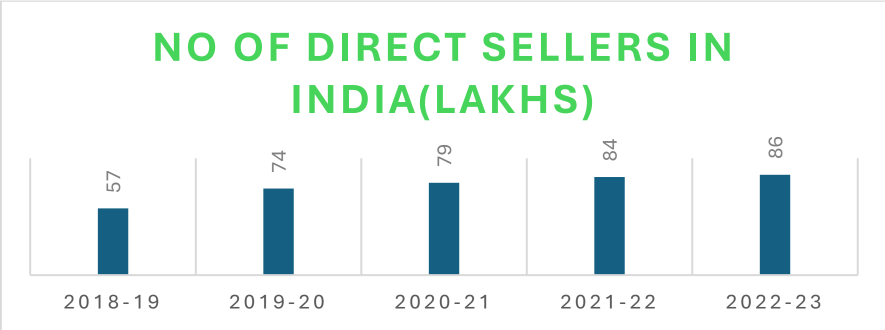
Meanwhile, the **West zone**, encompassing Maharashtra, M.P., Chhattisgarh, Goa, Gujarat, and UT's of Dadra & Nagar Haveli and Daman & Diu, accounted for nearly 22% of this market in the year 2020-21.

The **South zone** contributed around 15% to the total gross sales, covering Tamil Nadu, Karnataka, A.P., Telangana, Kerala, and the Union Territories of Andaman & Nicobar, Pondicherry, and Lakshadweep.

Lastly, the **Northeastern** zone, comprising Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, collectively contributed for 9% of total gross sales.

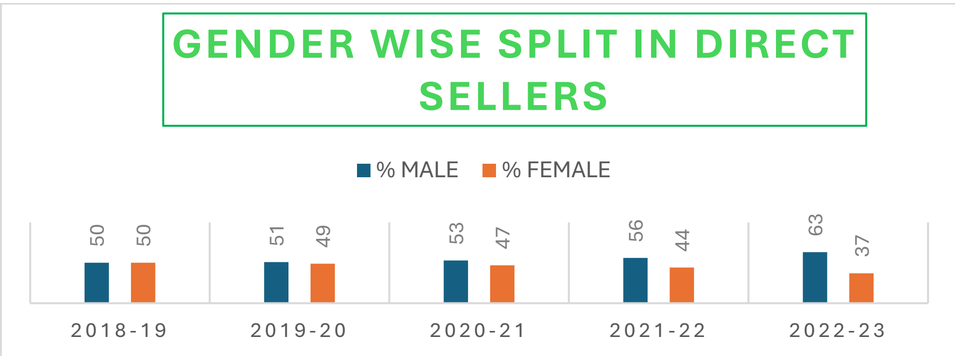
Contribution to employment generation:

The increasing number of direct sellers shows a consistent rise in the number of individuals looking upon direct-selling as an alternative business option. The direct sellers in India surged from 84 lakhs in 2021-22 to approximately 86 lakhs in 2022-23, showcasing a constant year-on-year increase. Notably, the strength of active direct sellers in the nation has been growing steadily over the last five years. Diagram given below clearly shows that this industry is playing a crucial role in employment generations across the nation.



Source: IDSA ANNUAL REPORT 2022-23

Men and Women's Share in Direct Sellers: In terms of the absolute count of active direct sellers, males have outnumbered females. Despite, the females traditionally dominating this industry in India, they have been accounted for nearly 37% of total 86 lakh active direct sellers. However, there has been a discernible increase in male participation and a persistent decline in female participation in direct Selling over the past 5 years. The main factor for increment in men participation is now men are taking direct selling as full-time job instead of alternate source of income due to its recognition as legitimate industry by the Government. (As per industry experts).



Source: IDSA ANNUAL REPORT 2022-23

Impact on rural and urban economies.

Direct selling companies are now reaching out to consumers through informing consumers about a range of goods and services and exploring to reach more to Tier 2 and Tier 3 towns in additions to the countryside. Increasing focus on agriculture-related products to boost rural incomes and better growth of the companies. It has a great positive impact on the lives of millions of individuals especially those living in rural parts of India. At Gram Panchayat of rural areas in many developing States of India, especially Jharkhand, Bihar, Odisha and MP, villagers have been very much engaged in the direct selling business and earning handsome amounts. They have been influencing their co-villagers/neighbours to join this industry. Consequently, it greatly helped the rural people in many ways, like stopping migration from their place to Metro cities in search of jobs, social mobility, discouraging loans from local Sahukar etc. (Inputs from Vestige MD on dated.22-06-2024)

CSR Contribution of this sector:

This sector has made an extraordinary contribution relating to prevailing social causes. In the year 2022-23, approximately 85% of organized sector direct selling companies are involved in CSR initiatives (FICCI-KPMG Report, 2014). Companies contribute of 1% of their revenue to the charitable trusts. The most vulnerable sectors, such as women's empowerment, environmental protection, and health and human services, child protection are the focus of this industry and to protect the core educational rights, are key focus areas of the contributions from direct selling companies in India (FICCI-KPMG Report, 2014).

The Amway Opportunity Foundation's two current CSR projects are Project Sunrise and the National Project for the Blind, which delivers educational opportunities to the underprivileged. Amway Opportunity Foundation carries out Amway's goal to enhance the conditions of underprivileged children through multiple programs, including the National Project for the Visually Impaired. It is estimated that nearly 2 million blind school-age children in India. Amway delivered Braille textbooks to 85,000 blind schoolchildren as part of this endeavour, provided audible textbooks to the Bangalore University, and established 15 fully operational computer centres that accommodate close to 3000 students (Amway reports).

Through Corporate Social Responsibility initiatives, **Herbalife strives** to enhance the well-being of society and contribute to sustainable development. The 2022-2023 project under CSR: Seed to Mouth Intervention (livelihood) was conducted in partnership with Sambhav Foundation. Creating an Enabling Learning Environment for Academic Excellence with Katha Foundation. Football for School supported by Oscar Foundation. Centre of Excellency with IIM B's Supply Chain Sustainability Lab to Boost research and technology to meet desired solution of the societal problems. Wake the Lake with United Way of Bengaluru for restoration of Water Quality in Lakes and Ecosystem Revival (Herbalife Website)

Oriflame India is actively promoting women's empowerment through its CSR activities, promoting education, fostering hidden talents, and offering self-employment opportunities to female employees. An amount of INR 4 crores has been provided to Deepalaya in the name of the 'Oriflame Girl Child' project. Its contribution has significantly improved the educational platform of selected girls, aged 4–17 years (Oriflame website).

Vestige has been actively involved in the CSR activities and as adopted an orphanage near to Madurai under the "Vestige Heart to Heart" foundation. The Foundation conducts a comprehensive pre-assessment of the field situation before addressing any issues in the designated area, both directly and through third-party involvement. The foundation adopts a collaborative approach where communities are at the centre of all the initiatives. Vestige Heart to Heart Foundation is consistently making a range of contributions to further the development and growth of the society through its varied contributions (Vestige Website).

Recognizing HIV/AIDS as a serious threat to people's lives, the Medicare Foundation was established in 1996 to raise awareness of the disease. The Modicare Foundation derives 1% of Modicare's annual revenue. The foundation's program supports 300,000 people annually with an emphasis on adolescents (Modicare website).

DIFFICULTIES THE INDIAN DIRECT SELLING INDUSTRY ENCOUNTERS:

REGULATORY COMPLIANCE AND ENFORCEMENT: Despite the government of India notification of DSR Rules 2021, the inappropriate implementation of the Act of 1978 led to complications for the direct selling industry, which includes other acts like the Money Circulation Schemes (Banning) Act and Prize Chits. Law enforcement agencies wrongly booked genuine companies under the PCMC Act. This hampers growth and creates uncertainty for companies operating in this sector. Lack of clarity badly affects the growth of the industry (Hazarika & Ray, 2023).

ETHICAL PRACTICES AND REPUTATION MANAGEMENT: The industry faces serious challenges in managing its reputation, especially considering fraudulent activities perpetrated by the list of fraudster companies who are doing their business under the garb of direct selling (Msosa, 2022). Such incidents tarnish the reputation of the entire industry, requiring greater engagement with the press media and stakeholders to promote understanding and transparency. On the other hand, there is a concern about unethical practices within the industry, such as misuse of the direct selling concept and misleading claims about products. People are fascinated by wrong promises made by the company or its representatives about quick moneymaking scheme that promise fame and fortune. Common public are encouraged to dream about luxury lifestyles, money will keep coming even after less involvement through the compensation plan and the business done by their downline. These kinds of falls information only spread the negativity about this industry (Inputs from Industry expert dated.17-08-2024). Maintaining the highest level of ethical standards is crucial for gaining trust and credibility (FICCI-KPMG report). Industry has to frame the common code of ethics and concerned associations has ensure its proper implementation in letter and spirit in addition to mandatory obligations of Direct Selling Rule-2021.

COMPETITION FROM E-COMMERCE AND SOCIAL MARKETING: The emergence of start-ups leveraging e-commerce and social marketing poses a great challenge to traditional direct-selling companies. These start-ups offer competitive products and pricing, leveraging digital platforms to reach consumers directly, thus challenging the traditional direct selling model. While companies have a presence on social media platforms, they often underutilize them for sales purposes. Failure to leverage social media effectively for sales and distribution limits the industry's reach and competitiveness in the digital age (Based on the direct inputs from Direct selling Industry experts).

Conclusion

Direct selling entities consistently played a crucial part in propelling India's economic expansion even during COVID period when other sectors were badly affected. This industry significantly contributes to employment generation in the form of direct sellers and either through self-manufacturing or by procurement through MSMEs. The share of women workforce in this industry is quite significant (37%) in comparison to other business sectors (19% as per ET Bureau) despite decreasing their share year on year. This dual influence highlights the industry's contribution to promoting entrepreneurship and backing initiatives like "Make in India". As the direct selling industry progresses, it brings forth both challenges and opportunities. Key elements such as regulatory frameworks, consumer trust, and innovation will significantly influence its future direction. With a solid foundation and increasing consumer acceptance, the direct selling industry is well-positioned for ongoing growth including expansion of industry beyond the national boundaries and beneficial impacts on Indian economies.

The sustained Compound Annual Growth Rate (CAGR) underscores the resilience and potential of India's direct selling industry. Bolstered by a favourable regulatory framework, including DSR Rules of 2021 and the CP Act of 2019, the industry has achieved greater operational clarity, transparency, and consumer protection. It is worth noting that beyond its substantial contributions to government revenues, the direct-selling industry drives a crucial role in the economic development. With its emphasis on self-employment, micro-entrepreneurship, and skill development, the sector fosters socio-economic empowerment, particularly at the grassroots level. Amidst the pandemic, it served as a lifeline for countless individuals grappling with unemployment. Moreover, the industries are in collaboration with Micro, Small, and Medium Enterprises (MSMEs) across the country has not only strengthened the economy but also provided vital support to local businesses. Additionally, these industries continuously work for social causes like providing education for underprivileged children, and organising eye camps, especially for people from lower income groups through their CSR funds. It is also encouraged organic farming through which farmers are getting benefits directly as there is no involvement of middleman. This industry helps in stopping migrations from rural to metro cities as it provides a lot of new opportunity of businesses at their place itself.

Limitation

The analysis should to be broadened to involve additional network marketing companies associated with the Federation of Direct-Selling Association (FDSA) and the Association of Direct-Selling Entities in India (ADSEI) to get the more insights into the intricacies of the network marketing. This study has not included the online retail sector. The study will be enriched if the direct selling companies which have already been closed are also incorporated into the study.

Recommendation

The State Government should set up a monitoring mechanism as mandated in the direct selling rule 2021 and issue the necessary directions in the form of office orders/guidelines for implementation of DSR-21 in letter and spirit. This will help to inculcate confidence in the new entrepreneurs looking towards the direct selling industry as well as consumers. It will also help to enhance the trust between various law enforcement agencies and industries. The direct selling industry should design its policy in a way to retain the women's workforce. The government should design a policy to encourage this industry to focus their business activities in rural India, which will help to reduce the migration percentage and get benefitted with added advantages of this sector. As this industry specialities is in making customised products, so they should encourage to produce the wellness products with natural farming and promote the old Indian widely accepted practice through their products.

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List of Legislations

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