

Centre clarifies on direct marketing cos.

By Our Legal Correspondent

NEW DELHI, FEB. 22. The Centre has clarified that direct selling/network marketing companies do not fall under the purview of provisions of the Prize Chits and Money-Circulation Scheme (Banning) Act, 1978 which seek to ban the promotion or conduct of prize chits and money circulation schemes.

This clarification was given in the Lok Sabha a couple of days ago in a written reply by the Minister of State for Consumer Affairs, V. Srinivasa Prasad. He said the provisions of this Act

came up for scrutiny before the Supreme Court which ruled that the 'Network Marketing Plan' and direct sale of goods and services by direct selling companies would not fall within the ambit of this Act.

Quoting the Minister's clarification, Harmeet Pental, Chairman, Indian Direct Selling Association (IDSA) said "this answer gains significance in the backdrop of genuine direct selling business being wrongly equated with illegal money rolling/pyramid companies. It should also put to rest any doubt that may have arisen on

the applicability of PCMCs Act to network marketing or direct selling companies". He said that the current members of IDSA include AMC Cookware and Amway India Enterprises and added that direct selling was a recognised and legalised form of selling genuine products and services in over 100 countries including Japan, the U.K., the U.S., Europe and Southeast Asia.

Under the IDSA banner a consumer had the right to get his money back within a specified time period without any questions asked. This clause in

the World Federation of Direct Selling Association Code of Conduct protected the customer from any pressure sales.