

## **OBLIGATIONS OF DIRECT SELLER**

1. *That the Direct Seller engaged in Direct Selling shall :-*

*(a) Carry their identity card and not visit the customer's premises without prior appointment/approval;*

*(b) At the initiation of a sales representation, without request, truthfully and clearly identify themselves, the identity of direct selling entity, the nature of the goods or services sold and the purpose of the solicitation to the prospective consumer;*

*(c) Offer a prospective consumer accurate and complete explanation and demonstrations of goods and services, prices, credit terms, terms of payment, return policies, terms of guarantee, after sales service;*

*(d) Provide the following information to the prospect/consumers at the time of sale, namely :-*

*(i) Name, address, registration number or enrollment number, identity proof and telephone number of Direct Seller and details of Direct Selling Entity;*

*(ii) A description of the goods or services to be supplied;*

*(iii) Explain to the consumer about the goods return policy of the company in the details before the transaction.*

*(iv) The order date, the total amount to be paid by the consumer along with the bill and receipt.*

*(v) Time and place for inspection of the sample and delivery of goods.*

*(vi) Information of his/her rights to cancel the order and/or to return the product in saleable condition i.e. any seal/protection on the goods is kept unbroken and avail full refund and sum paid.*

*(vii) Detail regarding the Complaint Redressal Mechanism.*

*(e) The Direct Seller shall keep proper book of accounts stating the details in respect of the goods sold by him/her, in such form as per applicable law.*

2. *The Direct Seller shall not :-*

*(a) Use misleading, deceptive and/or unfair trade practices.*

*(b) Use misleading, false, deceptive and/or unfair recruiting practices, including misrepresentation of actual or potential sales or earnings and advantages of direct selling to any prospective Direct Seller in their interaction with prospective direct sellers.*

*(c) Make any factual representation to prospective direct sellers that cannot be verified or make any promise that cannot be fulfilled.*

*(d) Present any advantages of direct selling to any prospective direct seller in a false and/ or a deceptive manner.*

(e) *Knowledge make omit engage or cause or permit to be made any representation relating to the direct selling operation including remuneration system and agreement between the direct selling entity and the direct seller, or the goods or misleading.*

(f) *Require or encourage direct sellers recruited by the first mentioned direct seller to purchase goods and/or services in unreasonably large amounts.*

(g) *Provide any literature and/ or training entity, to a prospective and/ or existing direct seller both within and outside the parent Direct Selling Entity.*

(h) *Require prospective or existing direct seller to purchase any literature or training material or sales demonstration equipment.*

3. *The company shall provide monetary and non-monetary sales benefit/incentive including service tax/GST. The company shall not pay any service tax/GST to the Direct Seller. The Direct Seller shall be responsible to pay any service tax/GST (if any).*

4. *The Direct seller shall not create any crossline in the sales Network of the company.*

## **OBLIGATIONS OF DIRECT SELLING ENTITY TOWARDS DIRECT SELLER**

1. *That the company shall provide a mandatory orientation session to all prospective direct sellers providing fair and accurate information on all aspect of the direct selling operation including but not limited to the remuneration system and expected remuneration for newly recruited direct sellers.*
2. *That the company shall maintain proper records either manual or electronic of their business dealing with complete details of their goods services terms of contract, price, income plan, details of Direct Sellers, including but not limited to enrollment, termination active status, earning etc.*
  - (a) *The company shall maintain a "Register Of Direct Sellers" wherein relevant details of each enrolled direct seller shall be updated and maintained.*
  - (b) *The details of Direct sellers shall include and not be limited to verified proof of address, proof of identity and PAN.*
3. *That the company shall maintain proper and updated website with all relevant details of the company, contact information, its management, product, product information, product quality certificate, price, complete income plan, terms of contract with direct seller and complaint redressal mechanism for direct sellers and consumers.*
4. *That the company shall provide to direct seller their periodic account/ information concerning, as applicable, sales, purchases, details of earning, commissions, bonus, and other relevant data, in accordance with agreement with direct sellers. All financial dues shall be paid and any withholding made in a commercially reasonable manner;*
5. *That the company shall monitor the value of the purchases of all its Direct sellers/ Distributors on a monthly basis and once the purchase value crosses the VAT threshold, the company shall intimate the Direct sellers/Distributors to pay the VAT.*
6. *That the Company shall not compel to a participant/Direct seller to purchases goods :-*
  - (a) *For an amount that exceeds an amount for which such goods or services can be expected to be sold or resold to consumers.*
  - (b) *For a quantity of goods or services that exceeds an amount that can be expected to be consumed by or sold or resold to consumers.*
7. *That the Company shall not :-*
  - (a) *Use misleading, deceptive or unfair recruiting practices, including misrepresentation of actual or potential sales or earnings, in their interaction with prospective or existing direct sellers;*
  - (b) *Make any factual representation to a prospective direct seller that cannot be verified or make any promise that cannot be fulfilled;*
  - (c) *Present any advantages of direct selling to any prospective direct seller in a false or deceptive manner;*

(d) *Make or cause, or permit to be made, any representation relating to its direct selling business including remuneration system and agreement between itself and the direct seller, or to the goods or services being sold by itself or by the direct seller which is false or misleading;*

(e) *Engage in, or cause or permit, any conduct that is misleading or likely to mislead with regard to any material particulars relating to its direct selling business, including remuneration system and agreement between itself and the direct seller, or to the goods or services being sold by itself or by the direct seller;*

(f) *Use, or cause or permit to be used, fraud, coercion, harassment, or unconscionable or unlawful means in promoting its direct selling practice, including remuneration system and agreement between itself and the direct seller, or the goods or services being sold by itself or by the direct seller.*

(g) *Require its direct sellers to provide any benefit, including entry fees and renewal fees or to purchase any sales demonstration equipment or material in order to participate in its direct selling operations;*

(h) *Provide any benefit to any person for the introduction or recruitment of one or more persons as direct sellers;*

(i) *Require the direct sellers to pay any money by way of minimum monthly subscription or renewal charges;*

8. *That the company shall be responsible for compliance of these Guidelines by any member of its network of direct selling, whether such member is appointed directly or indirectly by the Direct Selling Entity.*

## **OBLIGATIONS OF DIRECT SELLING ENTITY** **TOWARDS DIRECT SELLER**

1. *That the Company shall provide information to the consumer upon purchase which shall contain :-*
  - (a) *The name of the purchaser and seller.*
  - (b) *The delivery date of goods or services.*
  - (c) *Procedures for returning the goods : and*
  - (d) *Warranty of goods and exchange/replacement of goods in case of defect provided that no Direct Seller shall, in pursuance of a sale, make any claim that is not consistent with claims authorized by the Direct Seller Entity.*
2. *That the Company and Direct Seller shall take appropriate steps to ensure the protection of all private information provide by a consumer.*
3. *That Direct Seller and Company shall be guided by the provision of the Consumer Protection Act 1986.*
4. *That the supply/distribution of goods with the knowledge that such goods/products are inferior or exceeded its validity period as per the manufacturer.*
5. *That the MRP should be visibly displayed on the package.*
6. *That the company/Direct seller who sells goods to a consumer shall issue a cash bill to such consumer in accordance with the provision of the law for the time being force in this respect.*

## **PROHIBITIONS**

1. *That any payment of incentive by whatever names it is called unrelated to their respective sales volume is prohibited.*
2. *That the Direct Seller or his/her relatives (relative means dependent son or daughter, father/mother, spouse) shall not engage in any activities of Multi-Level Marketing of any other entity. If it is found then such Direct Seller shall be terminated.*
3. *That the Direct Seller is prohibited from listing, marketing, advertising, promoting, discussing, or selling any product, or the business opportunity on any website or online forum that offers like auction as a mode of selling.*
4. *That the Direct Seller hereby undertakes not to compel or induce or mislead any person with any false statement/promise to purchase products from the Company or to become Direct Seller of the Company.*
5. *That the Direct Seller and the company hereby undertakes not to indulge in money circulation scheme or any act barred by the Prize Chits and Money Circulation Scheme (Banning) Act, 1978.*
6. *That the Company/Direct seller shall not promote a pyramid scheme, as defined in Clause 1(12) of the "Advisory to state Government/Union territories on Model Guideline on Direct Selling" issued by the Department of consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Government of India dated 09 Sep 2016 F.NO. 21/18/2014-IT(Vol-II). In the garb of Direct Selling Business opportunities.*

