

ROLE PLAYED BY DIRECT SELLING INDUSTRY IN THE GROWTH OF INDIAN ECONOMY

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ABSTRACT

India is one of the fastest growing economies of the world and the concept of direct selling industry has become very popular now days and is very much accepted by almost all the countries of the world including India. In the direct selling industry, the goods are sold directly to the customers by eliminating the middlemen. The direct selling industry provides equal opportunity to the males and females as far as the business is concerned. Anyone who is of 18 years or above can join the business independently in India. The World Federation of Direct Selling Associations (WFDSA) defines direct selling as "the marketing of products and services directly to consumers in a person-to-person manner, away from permanent retail locations". The paper begins with the meaning of the term direct selling business. The basic objective of this paper is to study the role played by direct selling industry in the growth of Indian economy. The paper ends with conclusions.

KEYWORDS: *Direct Selling Business, Employment Generation, Women Empowerment.*

Introduction

In India direct selling industry started the business in early 1990s when our country was open for the global market. India is one of the fastest growing economies of the world and the concept of direct selling industry has become very popular now days and is very much accepted by all the countries including India. The World Federation of Direct Selling Associations (WFDSA) defines direct selling as "the marketing of products and services directly to consumers in a person-to-person manner, away from permanent retail locations". In simple words according to the report of IDSA-"in the direct selling industry the goods are sold directly to the customers by eliminating the middlemen. Direct selling refers to the selling of goods and services to consumers who are away from a fixed retail outlet, generally at their homes, workplace, etc., through an explanation and demonstration of the product by sellers." The direct selling industry provides equal opportunity to the males and females as far as the business is concerned. Anyone who is of 18 years or above can join the business independently in India. According to a report of Indian Direct Selling Association- "The modern direct selling industry can be considered to have pioneered in the USA, with the establishment of Avon in 1886. With the success of this model, involving lower distribution cost and greater direct interaction with the consumer, the portfolio of products swelled to include cosmetics, personal care, household goods, accessories and other products, overtime." The opportunity of direct selling business is largely grabbed by women, as they can work from home while fulfilling their other responsibilities. This business of direct selling according to Indian Direct Selling Association provides the opportunity of partnership of doing the business. In India, the direct selling industry came into existence in early 1990s, when the global market was opened for the world. The first direct selling company that entered the Indian market was Amway India enterprises in the year 1995. After that the companies joined the industry are Avon, Or flame and Tupperware in 1996. According to the recent FICCI-KPMG report, there is 16 per cent hike in the business during the last five years. This shows that the total direct selling business now is approximately Rs236 billion and is expected to reach up to Rs645 by the year 2025.

In the current period there are many companies which are involved in the direct selling business. A few of them are listed below:

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- Amway
- Tupperware
- Herbalife
- Avon
- Oriflame
- Hindustan Unilever Ltd or HUL
- Modi care
- Max New York
- Natura
- Vorwerk
- Mary Kay
- Forever Living Products
- Nu Skin Enterprises
- Vestige
- Young Living.

Objectives of the Study

The present study was undertaken with the following objectives:

- To study the current state of direct selling industry.
- To study the role of direct selling industry in the growth of Indian economy.

Research Methodology

Secondary data was the main source of the study. The secondary data has been compared and collected from various reports of IDSA (Indian direct selling association), KPMG, ASSOCHAM, WFDSA (World federation of direct selling Associations), FICCI and from articles of reputed newspapers like the Hindu Business Line, The economic times etc.

Role Played by the Direct Selling Industry

According to IDSA, PHD Chamber, ICREAR, Direct Selling News, the industry is playing crucial role in providing positive impact on the growth of the society. The importance of direct selling industry in the economic development of our country can be understood from the following points:

- **Provides Additional Income Opportunities:** This industry provides additional income opportunity as it gives an opportunity to work in flexible hours without disturbing the job or the business in which a person is already engaged. According to the industry week.com currently, the company Amway India enterprises says it provides earning opportunity to approximately 6 lakh people who are actively involved in building the business.
- **Helps in Women Empowerment:** The direct selling industry plays an important role in the empowerment of women of India because it gives them an opportunity to work from home. With minimum investment they can start their business. They can do the business easily without disturbing their family work as the business provides them flexible working hour's opportunity. This business gives them the opportunity to maintain balance between their work life and in their personal life. According to a report women form almost 60% of this sector.
- **Provides Opportunity for Employment Generation:** As it is well known that India ranks second in the world population and it is the country with young population. The direct selling industry is providing employment opportunity to the young people. They are taking this business as a carrier opportunity these days.
- **Contributes in Social Responsibility:** The direct selling companies like Amway India enterprises, Avon etc. are playing crucial role in contributing towards the society. According to the web site of India infoline.com-"Amway India was recognized as the 'Best Corporate' in the specially-abled category for its efforts towards the cause of visually impaired." According to website of Amway India-So far, Amway has made a total contribution of approximately Rs.10 crores towards the relief work carried out in Pandemic that is in COVID 19. Earlier the company raised approximately Rs.2.5 crores in order to provide help to the front line workers and to many communities of the society. Among the various activities done for the support in COVID-19 the major programs undertaken by the company are as follows:

- The company provided funds for establishing quarantine centres in Tamil Nadu, for providing free treatment to the persons who were infected by the coronavirus and also provided help to various other unorganized sectors. The company provided approximately 25 Lakhs under the Tamil Nadu CM's Public Relief Fund. Company has contributed in many other states also like Andhra Pradesh, Telangana, Kerala, Mumbai, Gurgaon, and Delhi.
- There are many other Relief Funds like Andhra Pradesh CM's Relief Fund, Kerala CM's Distress Relief Fund, United Way Delhi,
- **Tax Contribution to Government:** The direct selling industries generates tax contribution. They contribute in both direct taxes and also in indirect taxes.
- **Supports Make in India Concept-**The direct selling industry is playing crucial role in providing support to the Make in India concept by opening their factories in India and by manufacturing the products in our nation. Multi-level marketing company Amway has opened their first factory in India. As per reports, they spent Rs 550 crore for creating this factory, which is their 3rd such plant outside US. This factory is Located in the Dindigul district of Tamil Nadu. According to the President Doug De Vos -"The manufacturing plant is established in Tamil Nadu which is an example of Make in India."
- **Contribute to the Skill India Initiative:** The direct selling industries also contribute in the skill development. These companies are providing free of cost training to their distributors. These companies help the distributors in developing the required skills for their growth in the business. The Company is providing free of cost training to approximately 20000 distributors in the country in more than 20 states. The company has also partnered with IIM Calcutta for providing training to the distributors of high potential.

Conclusion

In the end it can be concluded that direct selling in India has a positive impact on the society as well as on the economy of India in terms of employment generation and in empowering women in the country. It promotes micro entrepreneurship also. It also helps in developing skills in sales and management. According to the English newspaper Economic Times -"The direct selling industry has the potential of offering self-employment opportunities to 18 million people by 2025". Besides all the other favourable aspects of direct selling industry, these direct selling companies are playing an important role in fulfilling their responsibility towards the society in all the adverse situations faced by the country whether it may during flood situation faced by the people of south or the Covid-19 pandemic situation. They have also contributed in the development of the blinds of the nation.

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