

Obligations of direct seller. (Rules from The consumer Protection (Direct Selling) 2021 from Ministry of Consumer Affairs, Good and Public Distribution.)

(1) Every direct seller shall—

- (a) have a prior written contract with the direct selling entity for undertaking sale of, or offer to sell, any goods or services of such entity;
- (b) at the initiation of any sale representation, truthfully and clearly identify himself, disclose the identity of the direct selling entity, the address of place of business, the nature of goods or services sold and the purpose of such solicitation to the prospect;
- (c) make an offer to the prospect providing accurate and complete information, demonstration of goods and services, prices, credit terms, terms of payment, return, exchange, refund policy, return policy, terms of guarantee and after-sale service;
- (d) provide an order form to the consumer at or prior to the time of the initial sale, which shall identify the direct selling entity and the direct seller and shall contain the name, address, registration number or enrollment number, identity proof and contact number of the direct seller, complete description of the goods or services to be supplied, the country of origin of the goods, the order date, the total amount to be paid by the consumer, the time and place for inspection of the sample and delivery of goods, consumer's rights to cancel the order or to return the product in saleable condition and avail full refund on sums paid and complete details regarding the complaint redressal mechanism of the direct selling entity;
- (e) obtain goods and service tax registration, Permanent Account Number registration, all applicable trade registrations and licenses and comply with the requirements of applicable laws, rules and regulations for sale of a product;
- (f) ensure that actual product delivered to the buyer matches with the description of the product given;
- (g) take appropriate steps to ensure the protection of all sensitive personal information provided by the consumer in accordance with the applicable laws for the time being in force and ensure adequate safeguards to prevent access to, or misuse of, data by unauthorized persons.

(2) A direct seller shall not—

- (a) visit a consumer's premises without identity card and prior appointment or approval;
- (b) provide any literature to a prospect, which has not been approved by the direct selling entity;
- (c) require a prospect to purchase any literature or sales demonstration equipment;
- (d) in pursuance of a sale, make any claim that is not consistent with claims authorized by the direct selling entity.

2. Duties of direct selling entity and direct seller .—Subject to the provisions of Chapter VI of the Act, relating to Product Liability, the following shall be the duties of direct selling entity and direct seller, as may be applicable, namely:—

(i) Every direct selling entity and every direct seller shall ensure that—

- (a) the terms of the offer are clear, so as to enable the consumer to know the exact nature of offer being made and the commitment involved in placing any order;

- (b) the presentations and other representations used in direct selling shall not contain any product description, claim, illustration or other element which, directly or by implication, is likely to mislead the consumer;
- (c) the explanation and demonstration of the goods or services offered are accurate and complete, particularly with regard to price and, if applicable, to credit conditions, terms of payment, cooling-off periods or right to return, terms of guarantee, after-sales service and delivery;
- (d) the descriptions, claims, illustrations or other elements relating to verifiable facts are capable of substantiation;
- (e) any misleading, deceptive or unfair trade practices are not used;
- (f) direct selling is not represented to the consumer as being a form of market research;
- (g) the promotional literature, advertisement or mail contain the name and address or telephone number of the direct selling company, and include the mobile number of the direct seller;
- (h) direct selling shall not state or imply that a guarantee, warranty or other expression having substantially the same meaning, offers to the consumer any rights in addition to those provided by law, when it does not;
- (i) the terms of any guarantee or warranty, including the name and address of the guarantor, shall be easily available to the consumer and limitations on consumer rights or remedies, where permitted by law, shall be clear and conspicuous;
- (j) the remedial action open to the consumer shall be clearly set out in the order form or other accompanying literature provided with the goods or service;
- (k) the presentation of the offer does not contain or refer to any testimonial, endorsement or supportive documentation unless it is genuine, verifiable and relevant;
- (l) when after-sales service is offered, details of the service are included in the guarantee or stated elsewhere in the offer and if the consumer accepts the offer, information shall be given on how the consumer can activate the service and communicate with the service agent;
- (m) products, including, where applicable, samples, are suitably packaged for delivery to the consumer and for possible return, in compliance with the appropriate health and safety standards;
- (n) unless otherwise stipulated in the offer, orders shall be fulfilled within the delivery date proposed to the consumer at the time of purchase and the consumer shall be informed of any undue delay as soon as it becomes apparent or comes within the knowledge of the direct selling entity or the concerned direct seller;
- (o) in cases of delay under clause (n), any request for cancellation of the order by the consumer shall be granted, irrespective of whether the consumer has been informed of the delay, and the deposit, if any, shall be refunded as per the cancellation terms proposed to the consumer at the time of purchase, and if it is not possible to prevent delivery, the consumer shall be informed of the right to return the product at the direct selling company's or the direct seller's cost as per the procedure for return of the goods proposed to the consumer at the time of purchase;
- (p) right of return offered by that entity shall be in writing;
- (q) whether payment for the offer is on an immediate sale or installment basis, the price and terms of payment shall be clearly stated in the offer together with the nature of any additional charges such as

postage, handling and taxes and, whenever possible, the amounts of such charges;

- (r) in the case of sales by installment, the credit terms, including the amount of any deposit or payment on account, the number, amount and periodicity of such installments and the total price compared with the immediate selling price, if any, shall be clearly shown in the offer;
- (s) any information needed by the consumer to understand the cost, interest and terms of any other form of credit is provided either in the offer or when the credit is offered;
- (t) unless the duration of the offer and the price are clearly stated in the offer, prices shall be maintained for a reasonable period of time;
- (u) the procedure for payment and debt collection shall be determined in writing before any contract is signed and it shall be such as to avoid undue inconvenience to the consumer, making due allowance for delays outside the consumer's control;
- (v) the provisions of the Legal Metrology Act, 2009 (1 of 2010) and the rules framed thereunder shall be followed.

(3) A direct selling entity or direct seller shall not—

- (a) indulge in fraudulent activities or sales and shall take reasonable steps to ensure that participants do not indulge in false or misleading representations or any other form of fraud, coercion, harassment, or unconscionable or unlawful means;
- (b) 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, or to the goods or services being sold by itself or by the direct seller;
- (c) indulge in mis-selling of products or services to consumers;
- (d) use, or cause or permit to be used, any fraudulent, coercive, unconscionable or unlawful means, or cause harassment, for promoting its direct selling business, or for sale of its goods or services;
- (e) refuse to take back spurious goods or deficient services and refund the consideration paid for goods and services provided;
- (f) charge any entry fee or subscription fee.

(4) A direct selling entity and a direct seller shall comply with the requirements of all relevant laws, including payment of taxes and deductions thereunder.

(5) A direct selling entity and a direct seller shall not induce consumers to make a purchase based upon the representation that they can reduce or recover the price by referring prospective customers to the direct sellers for similar purchases.

6. Persons not to be engaged in the business of direct selling.— No person who is convicted, or bankrupt during the last five years prior to his association with the business of direct selling, or a person of unsound mind, shall be engaged in the business of direct selling.

Explanation.—For the purpose of this rule, the term 'Bankrupt' shall have the same meaning as assigned to it in clause (3) of section 79 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).