

# Amway wants legislation on direct selling

## Too many dubious pyramid schemes operate in India: CEO

R.K. Radhakrishnan

**GRAND RAPIDS (MICHIGAN):** India will benefit from legislation on direct selling, given that too many dubious pyramid schemes operate in the country, senior Amway representatives said.

"We want a direct selling legislation. I think there will always be all kinds of schemes. How you deal with those will determine the future of the industry in India in the long term," said William S. Pinckney, Managing Director and CEO, Amway India Enterprises.

### Pressed for legislation

Talking to a group of journalists from India at the Amway headquarters here, he said Direct Selling Association representatives had met Central government officials in New Delhi before the general elections and pressed for legislation.

### Draft for consideration

"In fact, we even gave a draft of the law that the Indian government could consider." But after the elections, he said, nothing much had

moved forward.

As many pyramid schemes are being run in the country, like Goldquest in Chennai that collapsed, Amway representatives feel that it is time India legislated the practice of direct selling.

### "Frame laws"

"Countries such as Singapore, Vietnam and Malaysia all have laws governing direct selling. India could look at those laws and frame one," said Kamini Naidu, who works with Amway's legal department.

Sixteen companies are part of the Direct Selling Association, and their total turnover last year was Rs.3,000 crore.

"Apart from us, there are about 200-300 companies which follow no guidelines and have sprouted across the country," Mr. Pinckney said.

Because of the nature of the selling (person to person),

- Direct Selling Association members pressed for legislation before the general elections

- They also submitted a draft of the law to officials, but nothing has materialised

India had to enact a law as soon as possible, Mr. Pinckney said.

### Immense possibilities

"A country like Mexico sells Rs.20,000 crore of goods through direct marketing, while India, with a population of 1.2 billion, sells Rs.3,000 crore. So the possibilities of growth in India are huge," he said. Asked whether such legislation would limit the scope for business of companies like Amway, he said this was not true.

### "Protection"

"We don't see it as regulation; we see it as protection."

Amway India is a wholly owned subsidiary of the \$8.2-billion Amway Corporation, Ada, Michigan. Amway Corporation is one of the largest direct selling companies in the world and has presence in 88 countries and territories.