



GOVERNMENT OF KERALA

Abstract

CONSUMER AFFAIRS DEPARTMENT- MONITORING MECHANISM FOR REGULATING DIRECT SELLING ENTITIES AND DIRECT SELLERS -ORDERS ISSUED.

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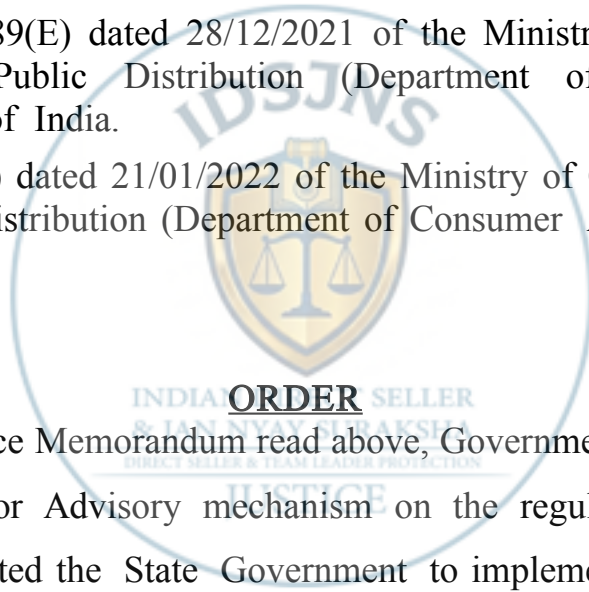
CONSUMER AFFAIRS DEPARTMENT

G.O.(P) No.6/2023/CAD

Dated, Thiruvananthapuram, 28-03-2023.

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- Read: 1. Office Memorandum F.No 21/18/2014-IT (Vol-II) dated 09-09-16 received from Department of Consumer Affairs, Government of India.
2. G.O.(P) No.8/2018/CAD dated 04/06/2018.
3. G.S.R. No 889(E) dated 28/12/2021 of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), Government of India.
4. G.S.R. 37 (E) dated 21/01/2022 of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), Government of India.



ORDER

As per the Office Memorandum read above, Government of India have issued the model guidelines for Advisory mechanism on the regulation of Direct Selling Industry and also requested the State Government to implement the same in the State and to set-up a mechanism to monitor the activities of direct selling entities. Accordingly as per the G.O. read as 2nd paper above, Government have issued the guidelines on monitoring mechanism for regulating Multilevel Marketing /Direct Selling in the State.

2) As per the notification read as 3rd paper above, the Central Government have issued the Consumer Protection (Direct Selling) Rules, 2021 in exercise of the powers conferred by clause (zg) of Sub- Section (2) of Section 101 read with Section 94 of the Consumer Protection Act, 2019 and as per the notification read 4th above, the Central Government have withdrawn the Direct Selling Guidelines, 2016.

3) In Rule 11 of the Consumer protection (Direct selling) Rules, 2021, it has been stipulated that for ensuring compliance of the rules by the direct selling entities and direct sellers, every State Government shall set up a mechanism to monitor or supervise the activities of direct sellers and direct selling entities.

4) The Government have examined the matter in detail and are now pleased to issue the monitoring mechanism for regulating the activities of direct selling entities in the State as appended to this Government Order in supersession of the Government Order read as 2nd paper above, except as respects things done or omitted to be done before such supersession.

(By Order of the Governor)
P.M.ALI ASGAR PASHA IAS
SECRETARY TO GOVERNMENT

To

The Secretary, Department of Consumer Affairs, Government of India,
New Delhi.
The Commissioner of Civil Supplies & Consumer Affairs,
Thiruvananthapuram.
The State Police Chief, Thiruvananthapuram.
The Director, Industries Department, Thiruvananthapuram.
The Commissioner of State Tax, Thiruvananthapuram.
The Commissioner, Central Goods & Services Tax, Thiruvananthapuram.
The Director, Gulati Institute of Finance and Taxation, Sreekaryam,
Thiruvananthapuram.
The Director, Information & Public Relations Department,
Thiruvananthapuram.
All District Collectors.
The Finance Department.
The Law Department.
The Home Department.
The Taxes Department.
The Industries Department.
Stock file/Office copy.

MONITORING MECHANISM TO MONITOR OR SUPERVISE THE ACTIVITIES OF DIRECT SELLING ENTITIES AND DIRECT SELLERS 2023.

These are guiding principles/ mechanism for the Monitory Authority set up by the State Government for supervising/ monitoring the activities of direct sellers and direct selling entities as stipulated in the Consumer Protection (Direct Selling) Rules, 2021 and to strengthen the existing regulatory mechanism on direct selling, for preventing fraud and protecting the legitimate rights and interests of the consumers. The Nodal Department to deal with the issues related to Direct Selling will be the Department of Civil Supplies and Consumer Affairs in the State.

1. Objectives of the Monitoring Authority

The Monitoring Authority will function with the following objectives:-

- i. To regulate the business of Direct Selling as per the Consumer Protection (Direct Selling) Rules, 2021 to prevent fraud and to protect the legitimate rights and interests of consumers;
- ii. To prohibit all forms of Pyramid Scheme or enrol/participate any person to such scheme or participate in such arrangement in any manner whatsoever in the garb of doing direct selling business;
- iii. To prohibit all forms of money circulation scheme or enrol /participate any person to such scheme in the garb of doing direct selling business;
- iv. To prohibit all forms of unfair trade practices across all models of direct selling;
- v. To monitor /supervise the activities of Direct Sellers, Direct Selling Entities regarding compliance of The Consumer Protection Act, 2019 and the rules

framed thereunder, viz. The Consumer Protection (Direct selling) Rules, 2021.

2. Composition of Monitoring Authority

The Monitoring Authority shall consist of:-

1.	The Principal Secretary/Secretary, Department of Consumer Affairs	Chairman
2.	The Commissioner, Civil supplies and Consumer Affairs Department	Nodal Officer & Convenor
3.	Secretary to Government , Finance Department or any other Officer nominated by him not below the rank of Deputy Secretary	Member
4.	Secretary to Government, Law Department or any other Officer nominated by him not below the rank of Deputy Secretary.	Member
5.	Secretary to Government, Taxes Department or any other Officer nominated by him not below the rank of Deputy Secretary	Member
6.	The Controller of Legal Metrology or any other Officer nominated by him not below the rank of Deputy Controller	Member
7.	The Food Safety Commissioner or any other Officer nominated by him not below the rank of Joint Commissioner	Member
8.	The Commissioner, CGST Department or any other Officer nominated by him not below the rank of Joint Commissioner	Member
9.	The Commissioner, SGST Department or any other Officer nominated by him not below the rank of Joint Commissioner	Member
10.	An officer in the ADGP rank from the Police Department dealing with Economic offences	Member
11.	One Subject Expert, duly nominated by the Government	Member

3. Responsibilities of the Monitoring Authority

- i. Provide facilities for the enrolment of Direct Selling Entities for carrying out their Direct Selling business in the State of Kerala;
- ii. Provide appropriate platform for receiving complaints from the Consumers / Direct Sellers including general public against the violation of Consumer Protection (Direct Selling) Rules, 2021 by the Direct Selling Entities;
- iii. Inform respective enforcement authorities regarding the unethical and unlawful practice, if any, carried out by direct selling entities/direct sellers including non-compliance of monitoring mechanism (guidelines envisaged in the monitoring mechanism) /evasion of tax laws, noticed by the Monitoring Authority;
- iv. Provide Policy inputs to the Central Government for appropriate modifications in the Consumer Protection (Direct selling) Rules, 202, if warranted, from time to time;
- v. Provide awareness among law enforcement authorities, consumers, direct sellers and the general public and impart education and training regarding the “Do’s and Don’ts of Direct Selling” through Training Institutes like Gulati Institute of Finance &Taxation (GIFT), Government of Kerala, Thiruvananthapuram or any such Institute recognized for the purpose by Government of Kerala.

4. Enrolment formalities for carrying out the Direct Selling business in the State of Kerala

- 4.1 No Direct Selling Entity or such other person shall engage in a Direct Selling Business in the State of Kerala unless such entity has enrolled with the Monitoring Authority by filing an application offline /online in

the prescribed format given at Annexure I. The Profile of the Promoters/ Directors/Partners of the applicant Direct Selling Entity and the required permits/ licenses/ general & tax particulars along with the self-declaration shall be furnished in Part A of the Application and a Notary attested Affidavit/declaration shall be furnished in the prescribed format given in Part B of the application along with the enclosures stated in the said prescribed Application form.

4.2 Upon receipt of the application in the prescribed format with the required documents /enclosures, the Monitoring Authority may –

- i. Enrol the applicant entity in the Register maintained by it and publish the same in the website of Consumer Affairs Department, Government of Kerala, or
- ii. Refuse to grant enrolment if any violation of the Consumer Protection (Direct selling) Rules, 2021 is noted prima facie or for the non-filing of required enclosures / Annexures:

Provided that any time after receiving an application and before it is disposed of, the Monitoring Authority may issue notice, in writing/online, demanding the applicant entity to provide corrected application, additional information/documents, where the corrected application or any additional information or document required is not provided within the time specified in the said notice or any extension thereof granted by the Monitoring Authority, the application shall be rejected.

Enrolment of a direct selling entity with the Government would be made purely on the basis of the particulars furnished by the applicant in the prescribed Enrolment Application form, which do not confer any legal rights on the enrolled entity to represent themselves as government approved

agencies. Rather the purpose of enrolment is for enabling the Monitoring Authority to carry out its objectives in an effective manner.

5. Powers of Monitoring Authority

The Monitoring Authority shall be vested with the following powers:

- i. To grant registration /enrolment to the Direct Selling Entities upon the receipt of application in the prescribed format along with required documents /enclosures
- ii. To take appropriate action against the violations / non-compliance / partial compliance of the directives of Monitoring Mechanism by any Direct Selling Entities/Direct Sellers either suo - motu or on the basis of any complaint received in this regard from any stakeholders.
- iii. To engage one or more persons from any of the enforcement departments within this Monitoring Authority to make an inquiry in relation to the alleged complaints and affairs of any Direct Selling Entity.
- iv. To call upon the books of accounts, registers, audited statement of Accounts, IT and GST monthly/annual returns, certified copies of mandatory registration certificates as per the Consumer Protection (Direct/selling) Rules,2021 or such other documents necessary for scrutiny and verification.
- v. To cancel such enrolment or black list those Direct Selling Entities violating the regulations of the monitoring mechanism repeatedly even after showcause notices and warnings from the Monitoring Authority.
- vi. To issue show cause notice to stop the business of such non-compliances with immediate effect.
- vii. To refer the contravention or violation of the rules framed under Consumer Protection(Direct selling)Rules, 2021, to the Central Consumer

Protection Authority or such other Authorities as envisaged in Sec 17 to 23 of the Consumer Protection Act, 2019

viii. To refer the contravention or violation of other laws and rules to the law Enforcement Authorities concerned under the provisions of such Acts & Rules.

6.Mandatory maintenance of records:-

Every direct selling entity shall maintain at its registered office, either manually or electronically, all such documents as are required under any law for the time being in force, including the following documents or records, as may be applicable, as per Rule No. 4 of Consumer Protection (Direct Selling) Rules, 2021 namely:-

- i. Certificate of Incorporation;
- ii. Memorandum of Association and Articles of Association;
- iii. Permanent Account Number and Tax Deduction and Collection Account Numbers;
- iv. Goods and Services Tax registration and Goods and Services Tax Returns;
- v. Income Tax Returns;
- vi. Balance Sheet, Audit Report and such other relevant reports;
- vii. Register of direct sellers;
- viii. Certificate of Importer-Exporter code (in case of imported goods)
- ix. License issued under the Food Safety and Standards Authority of India Act, 2006 (34 of 2006) for the purposes of manufacture or sale of food items;
- x. Certificate of Registration of Trademark;

- xi. License and Registration Certificate issued under the Drugs and Cosmetics Act, 1940(23 of 1940) for the purposes of manufacture or sale of drugs, including Ayurvedic, Siddha, Unani drugs and Homoeopathic Medicines.

7. Mandatory maintenance of Website

As per Rule 5 (d) Consumer Protection (Direct selling) Rules, 2021, every Direct Selling Entity shall maintain proper and updated website with all relevant details of that entity, including the documents or records specified in Rule 4 (a) to 4(l) of the Consumer Protection (Direct selling) Rules, 2021, the self-declaration, contact information which is current and updated, details of its Nodal Officer, Grievance Redressal Officer, management profile, product information and price and grievance redressal mechanism for consumers. As per Rule 5(1)(g) of the Consumer Protection (Direct Selling) Rules, 2021, every information provided by the Direct Selling Entity on its website shall be duly certified by a Company Secretary. As per Rule 5(16) of the Consumer Protection (Direct Selling) Rules, 2021, every direct selling entity shall maintain a record of relevant information allowing for the identification of all direct sellers who have been delisted by the entity and such list shall be publicly shared on its website. Similarly, as per Rule 5(2) of the Consumer Protection (Direct Selling) Rules, 2021, every direct selling entity shall provide the following information on its website/platform in a clear and accessible manner, which shall be displayed prominently to its users, namely:—

- i. registered name of the direct selling entity;
- ii. registered address of the direct selling entity and of its branches;

- iii. contact details, including e-mail address, fax, land line and mobile numbers of its customer care and Grievance Redressal Officers;
- iv. a ticket number for each complaint lodged through which the complainant can track the status of the complaint;
- v. information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism and such other information which may be required by the consumers to make informed decisions;
- vi. information on available payment methods, the security of those payment methods, the fees or charges payable by users, the procedure to cancel regular payments under those methods, charge-back options, if any, and the contact information of the relevant payment service provider;
- vii. all mandatory licenses as applicable to the Entity as well as for its products & services;
- viii. total price of any goods or services in single figure, along with its break- up price showing all compulsory and voluntary charges, including delivery charges, postage and handling charges, conveyance charges and the applicable tax;
- ix. provide correct and complete information at pre-purchase stage to enable buyers to make informed purchase decisions, and such information shall, in addition to the mandatory declarations to be provided under the Legal Metrology (Packaged Commodities) Rules, 2011, contain the following information, namely:—

1. the name of purchaser and seller;
2. description of goods or services;
3. quantity of goods or services;
4. the estimated delivery date of goods or services;
5. the process of refund;
6. guarantees or warranties applicable to such goods or services;
7. exchange or replacement of goods in case of it being defective;
8. all contractual information required to be disclosed by or under any law for the time being in force.

8. Scope of Direct Selling, mode of marketing, disbursement of profits/ commissions/incentives and Product Restrictions:

As per Sec. 2(13) of the Consumer Protection Act 2019, “direct selling” means marketing, distribution and sale of goods or provision of services through a ‘network of sellers’, other than through a permanent retail location and as per rule 2.1(b) of Consumer Protection (Direct Selling) Rules, 2021, the direct selling rules are applicable to all models of direct selling and the main objective of framing these rules is to prevent fraud and protect the legitimate rights and the interests of the consumers. Similarly, as per Sec.2 (7) of the Consumer Protection Act 2019, a “consumer” means any person who buys any goods or avails any services for a consideration and it includes offline or online transactions through electronic means or by teleshopping or direct selling or multi –level marketing. Therefore, the Direct Selling Entities can adopt Multi-level Marketing (MLM) techniques and practices for the marketing, distribution and sale of its goods and services through its Direct Sellers and they can disburse share of profits/ commissions/ incentives /bonus to all such direct sellers in the network formed by them. However, such

disbursements shall be strictly on the basis of the sales/ turnover achieved by the Direct Sellers at different levels and not on the basis of mere recruitments.

However, for the better understanding of direct selling operations, a combined reading of the relevant provisions in the Consumer Protection Act, 2019 and Rules explained above are warranted which envisages that the direct selling is the marketing, distribution and sale of goods / services through 'network of sellers' under any models of direct selling /marketing which includes multi- level marketing also.

However, mere multi- level marketing companies are not direct selling companies as per rule 5 (1) (e) of the Consumer Protection (Direct Selling) Rules, 2021 which stipulates that every direct selling entity shall own, hold or be the licensee of trademark, service mark or any other identification mark which identifies that entity with the sale of goods or services, to be sold or supplied and this rule further provides that an entity shall not give commissions, bonus or incentives on sale of goods or services of which it is not the owner, holder or licensee of trademark, service mark or other identification marks .

In addition to this, as per Rule 9 of the Consumer Protection (Direct Selling) Rules 2021, every direct selling entity using e-commerce platforms shall comply with the requirements of the Consumer Protection (e-commerce) Rules, 2020 also in addition to Consumer Protection (Direct Selling) Rules, 2021. However, it is important to note here that the companies/entities indulged in pyramid scheme, money circulation scheme and unfair trade practices/mis-selling of goods and services in the garb of doing Direct Selling business across all models of direct selling are strictly prohibited from the scope of direct selling as stipulated in Rule 10 (a) (b) r/w. Rule 3(f), (g) and (i) of the Consumer Protection (Direct Selling) Rules, 2021.

9 . Filing of Periodical Reports before the Monitoring Authority after enrolment:

Every Direct Selling Entity, after enrolment, should furnish reports with the following information and submit it to the Monitoring Authority within 20/45 days from the end of each such quarter/financial year respectively, as the case may be;

A. Yearly Basis

- i. Individual wise particulars maintained by the Direct Selling Entity in respect of their direct sellers including but not limited to enrolment, termination, active status, purchase value, remuneration plan in the last financial year;
- ii. Copy of GST returns, Income Tax returns including TDS returns of the last year;
- iii. Any other particulars as and when found necessary by the Monitoring Authority

B. Quarterly Basis

- i. Total number of complaints received from customers within the State and the total numbers redressed & pending status in the last quarter;
- ii. Total number of complaints received from direct sellers within the State and the total numbers redressed & pending status in the last quarter;
- iii. Any other particulars as and when required by the Monitoring Authority

10. Procedure of disposal of complaints:

The direct complaints from a direct seller or a consumer or any member of the general public will be entertained only if such complaint is not resolved in the grievance redressal mechanism of the Direct Selling

Company in the manner as envisaged in Rule 5 (7) of the Consumer Protection(Direct selling) Rules,2021. In order to resolve such complaints / grievances, the Government shall designate officers at district level to receive such un-resolved complaints. The designated officer who receives such a complaint shall forward the same to the Direct Selling Entity with a direction to redress the complaint within 10 days of its receipt and to intimate the complaint redressal report to the designated officer immediately. If the designated officers do not receive the complaint redressal report within 15 days of its receipt by the Direct Selling Entity, he shall file non-compliance report before the Monitoring Authority. Where the contents of the non-compliance report received from the designated officer against Direct Selling entity or a Direct Seller or any other person who is part of the network of Direct Selling is found to be genuine and true, the Monitoring Authority may take such action as the Monitoring Authority deems appropriate as mentioned in clause 5 above including due intimation to the enforcement authorities for their appropriate action as per the applicable provisions of the relevant Acts as provided in clause 12 below. However, any complaint/s relating to violation of consumer rights or unfair trade practices or false or misleading advertisements which are prejudicial to the interests of consumers as a class, may be forwarded either in writing or in electronic mode, to any one of the authorities, namely, the District Collector or the Commissioner of regional office or the Central Authority as provided in Sec.17 to 23 of the Consumer Protection Act, 2019 .

11. Prohibition of Pyramid Scheme, Money Circulation Schemes and Unfair Trade Practices:

(a) No direct selling entity or direct seller shall promote or indulge in a Pyramid Scheme or enroll any person to such scheme or participate in such arrangement in any manner whatsoever in the garb of doing direct selling business with or without products or services as per Rule 10(a)

r/w Rule 3 (i) of the Consumer Protection (Direct selling) Rules, 2021. Therefore, no direct selling entity or direct seller shall enter into a scheme or package or opportunity or participate in such arrangement in any manner for sharing the benefits by means of enrolment or recruitment of further subscribers to such scheme thereby occupying a higher position for the purpose of earning more benefits or for making quick or easy money out of such higher position and continue with such successive enrolments or recruitments for sharing the income / benefits out of such successive enrolments or recruitments and finally resulting in a multi-layered network of subscribers in the garb of doing direct selling business with a sole intention for sharing the benefits out of such successive enrolments or recruitments irrespective of the sales volume of products / services. Under the Pyramid Scheme, the substantial benefit or income is derived mainly on the basis of such enrolments or recruitments and not on the basis of sale of products or services even if the products or services are bundled in such schemes and packages for the purpose of namesake.

(b)No direct selling entity or direct seller shall promote or indulge in a scheme or enroll any person to such scheme or participate in such arrangement in any manner whatsoever in the garb of doing direct selling business without products or services as per Rule 10 (b) r/w Rule 3 (f) of the Consumer Protection (Direct selling) Rules, 2021. As per Sec. 2 (c) of the The Prize Chits and Money Circulation Scheme (Banning) Act, 1978, “any scheme, by whatever name called, for the making of quick or easy money, or for the receipt of any money or valuable thing as the consideration for a promise to pay money, on any event or contingency relative or applicable to the enrolment of members into the scheme, whether or not such money or thing is derived from the entrance money of the members of such scheme or periodical subscriptions”. The intention of promoting this scheme is to make of quick or easy money through

successive enrolments or recruitments. As per Rule 10 of the Consumer Protection (Direct selling) Rules, 2021, no direct selling entity or direct seller shall participate in money circulation scheme in the garb of doing direct selling business.

Therefore, no direct selling entity or direct seller shall enter into a money circulation scheme or package or participate in such arrangement in any manner for sharing the benefits by means of enrolment or recruitment of further subscribers to such scheme and continue with such successive enrolments or recruitments for sharing the income / benefits out of such successive enrolments or recruitments and finally resulting in a multi-layered network of subscribers in the garb of doing direct selling business with a sole intention for sharing the benefits out of such successive enrolments or recruitments without any sale of products / services. Under money circulation scheme, the entire benefit or income is generated or derived out of the amount collected through the successive enrolments or recruitments and finally share the benefits among the subscribers simply on account of participation in such schemes.

- (c) No direct selling entity or direct seller shall promote or indulge in any misleading, deceptive or unfair trade practices or participate in such arrangement/schemes/trades in any manner whatsoever in the garb of doing direct selling business across all models of direct selling for the purpose of earning more benefits or for making quick or easy money out of such practices/schemes. As per the Rule 5(3) r/w. Rule 2 (1) (d) of the Consumer Protection (Direct selling) Rules, 2021, no direct selling entity or direct seller shall adopt any unfair trade practice in the course of its business or otherwise participate in such arrangement/schemes/trades in any manner whatsoever in the garb of doing direct selling business across all models of direct selling. As per Rule 2 (47) of the Consumer Protection Act, 2019, unfair trade practice means a trade practice which,

for the purpose of promoting the sale, use or supply of any goods or for the provision of any service, adopts any unfair method or unfair or deceptive practice including any of the following practices, namely;-

- (i) falsely represents that the goods/services are of a particular standard, quality, quantity, grade, composition, style or model where such goods or services do not have such grade /quality/quantity/style/standard;
- (ii) dealing second-hand, renovated, reconditioned, old goods as new goods;
- (iii) makes a false or misleading representation concerning the need for, or the usefulness of any goods or services;
- (iv) gives to the public any warranty or guarantee of the performance, efficacy or length of life of a product or of any goods that is not based on an adequate or proper test thereof;
- (v) represents that the seller or the supplier has a sponsorship or approval or affiliation which such seller or supplier does not have etc.

(d) As per Rule 7 (ii), no direct selling entity or direct seller shall-

- i. 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;
- ii. 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;
- iii. indulge in mis-selling of products or services to consumers;

- iv. 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;
- v. refuse to take back spurious goods or deficient services and refund the consideration paid for goods and services provided;
- vi. charge any entry fee or subscription fee.

12. Action against violations / non-compliance of the directives of Monitoring Mechanism

The violations / non-compliance / partial compliance of the directives of Monitoring Mechanism by any Direct Selling Entities/ Direct Sellers will be treated seriously. The Monitoring Authority, in such cases, either suo - motu or on the basis of any complaint received in this regard from any stake holders, may:

- i. Engage one or more persons from any of the enforcement departments within this Monitoring Authority to make an inquiry in relation to the alleged complaints and affairs of any Direct Selling Entity.
- ii. Call upon the books of accounts, registers, audited statement of Accounts , IT and GST monthly/ annual returns, certified copies of Mandatory registration certificates as per the Consumer Protection (Direct selling) Rules, 2021 or such other documents necessary for scrutiny and verification.
- iii. Cancel such enrolment or black list those Direct Selling Entities violating the regulations of the monitoring mechanism repeatedly even after show cause notices and warnings by the Monitoring Authority

- iv. Issue show cause notice to stop the business of such non-compliances with immediate effect
- v. Refer the matter to the Central Consumer Protection Authority or such other Authorities as envisaged in Sec 17 to 23 of the Consumer Protection Act, 2019.

The Monitoring Authority may, before initiating the actions proposed in item No. (iii) & (iv) above, may issue notice to the Direct Selling Entity or give them an opportunity of being heard for seeking their explanation to the actions so proposed.

13. Action against violation of provisions of Consumer Protection Act, 2019 / Consumer Protection (Direct selling) Rules, 2021 and other Laws applicable to Direct Selling:

The Direct Selling Entities and the Direct Sellers have to follow the relevant provisions of the Consumer Protection Act, 2019 and the Consumer Protection (Direct selling) Rules, 2021 including other Laws applicable to Direct Selling meticulously. The compliance of the provisions and rules of these Acts and Rules will be monitored under this Monitoring Mechanism. Any contravention or violation of the rules framed under Consumer Protection (Direct selling) Rules, 2021 shall be dealt with the appropriate provisions of the Consumer Protection Act, 2019 including Product Liability under Chapter VI and offences and penalties under Chapter VII of the said Act. However, the violation of other laws and rules shall be appropriately dealt with by the law Enforcement Authorities under the provisions of the appropriate Acts & rules, which may include the following,-

- i. Violation relating to any activity leading to money circulation or pyramid schemes to be dealt with by the Police Authorities under Prize Chits and Money Circulation Scheme (Banning) Act, 1978, including criminal case under the provisions of Indian Penal Code.

- ii. Violation relating to any activity leading to tax evasion to be dealt with by the respective Taxation Authorities under the respective Taxation Statutes.
- iii. Violation of any other applicable laws to be complied by Direct Selling Entity as provided in the Direct Selling Rules shall be dealt with by the respective Authorities under such respective Statutes.
- iv. Violation relating to any activity leading to the breach of contract, appropriate civil remedy can be evoked before the Court of Law having appropriate jurisdiction.



ANNEXURE-1
APPLICATION FOR ENROLMENT

Sl No	Particulars	To be filled by Direct Selling Entity
	Part A : Company Profile	
1	Name of the Direct Selling Entity (As Registered)	
2	CIN No: / Reg. No.	
3	Principal place of business	
4	ADDRESS FOR COMMUNICATION	
	i. Head Office: (With PIN Code, email id , mobile phone, Telephone with STD code and Company, Website)	
	ii. Branch Office in Kerala (With PIN Code, e-mail, mobile phone Telephone with STD code and Company Website)	
5	TAX PARTICULARS OF COMPANY	
	i. Income Tax Registration. No. (PAN)	
	ii. Income Tax TDS Registration. No. (TAN)	
	iii. GST Registration No. (GSTIN)	
6	Name and Contact details	
	i. Name and contact address of the Directors/ Partners of the Entity (With PIN Code, Aadhar No, email id, mobile phone No. &Telephone with code)	

	ii. Name and contact address of Key Management Personnel with their Aadhar No, email id & Mobile phone No	
	iii. Name and contact address of the Nodal Officer responsible for monitoring the compliance of the Consumer protection Rules, 2021 (With PIN Code, Aadhar No, email id, mobile phone No. e-mail & Telephone with STD code)	
	iv. Name and address of Grievance Redressal Officer responsible for redressing the complaints (With PIN Code, Aadhar No, email id, mobile phone No. & Telephone with code)	
7	Details of Consumer Grievance Redressal mechanism as per the Consumer Protection (Direct Selling) Rules, 2021:	
8	Total number of Direct Sellers working within the State (as on March 31 st of the previous financial year)	
9	<p>Details of Products/ Services offered (enclose product brochure with price break-up)</p> <p>i. Details of own products or services with Trademark or Service Mark as the case may be</p> <p>ii. Details of products or services dealt in the capacity of holder or licensee of a trademark or service mark or other identification marks which identifies the company and its products</p>	

10	Modes of Direct Selling i. Marketing Plan adopted : ii. Remuneration plan adopted : iii. Whether e-commerce platform adopted:	
11	Investment in business and trading particulars as per latest audited accounts available, ie on March 31 st of previous financial year i. Capital & Reserves ii. Current liabilities/payables iii. Investment in Fixed Assets iv. Investment in Current Assets v. Total Sales Turnover vi. Total Purchases Turnover vii. Gross profit viii. Net Profit	

SELF-DECLARATION /VERIFICATION

The contents of the above application are true and correct and nothing material has been concealed by me/us there from.

Verified by me/us at on this day of.....

Applicant

Name.....

Designation.....

Tel No.....

E-mail:.....

Place & Date

Seal of the Company

Part – B

**(NOTARY ATTESTED
AFFIDAVIT/DECLARATION)**

I / We,..... in the capacity of of the.....
..... Company / firm declare that we, including our duly
appointed Direct Sellers, shall compliant with the following:

1. I/We shall be compliant with all the provisions of the Consumer Protection (Direct/Selling)Rules, 2021 notified by the Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, New Delhi, vide Notification No.GSR 889(E) dated 28/12/2021.
2. I/We shall be compliant with all the applicable provisions of Consumer Protection (E- Commerce) Rules 2020 and the rules framed thereunder as provided in Rule 9 of Consumer Protection (Direct Selling) Rules, 2021, if applicable
3. I/We shall be compliant with all the applicable provisions of the Legal Metrology Act, 2009 (Act 1 of 2010) and the rules framed thereunder as provided in Rule 5 (4) and Rule 7 (1) (v) of Consumer Protection (Direct Selling) Rules, 2021, if applicable
4. I/We shall be compliant with all the applicable provisions of the Food Safety and Standards Authority of India Act 2006(34 of 2006) and the rules framed thereunder as provided in Rule 4 (j) of Consumer Protection (Direct Selling)Rules, 2021, if applicable.
5. I/We shall be compliant with all the orders, circulars, notifications as may be notified by the Department of Consumer Affairs, Government

of India /or by the Department of Consumer Affairs, Government of Kerala from time to time.

6. I/We shall set up an authorized office declared in Kerala and shall maintain its office, either manually or electronically, all such documents/registers / books of accounts as are required under any law for the time being in force, as may be applicable for verification of the enforcement authorities under this monitoring mechanism, in addition to its maintenance of such records at its registered office as required as per Rule No. 4 of Consumer Protection (Direct selling) Rules, 2021.
7. I/We shall become a Partner in the convergence process of the National Consumer Helpline of the Central Government as provided in Rule 5 (17) of the Consumer Protection (Direct Selling) Rules, 2021.
8. I/We shall not promote a Pyramid Scheme or enroll any person to such scheme or participate in such arrangement in any manner whatsoever in the garb of doing direct selling business as provided in Rule 10 (a) of the Consumer Protection (Direct Selling) Rules, 2021.
9. I/We shall not participate in money circulation scheme in the garb of doing direct selling business as provided in Rule 10 (b) of Consumer Protection (Direct Selling) Rules, 2021.
10. I/We shall not promote any misleading, deceptive or unfair trade practices or participate in such arrangement/schemes/trades in any manner whatsoever in the garb of doing direct selling business across all models of direct selling as provided in Rule 5(3) r/w Rule 2 (1) (d) of the Consumer Protection (Direct selling) Rules, 2021.

Deponent

DEPONENT VERIFICATION

The contents of the above Affidavit cum Declaration are true and correct and no material has been concealed by me/us there from.

Verified by me/us at on this day of.....

Deponent

Name.....

Designation.....

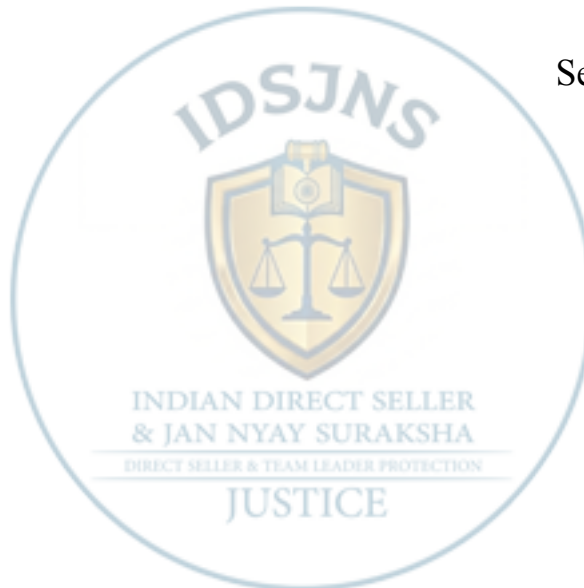
Tel No.....

E-mail:.....

Place & Date

Seal of the Company

Notary attestation



List of Enclosures

1. Certification made by the Company Secretary regarding the veracity and validity of certificates/documents uploaded in the Website such as certificates, licenses, policies, declarations and other documents required for the proper conduct of Direct Selling business as per the Consumer Protection (Direct/ Selling) Rules, 2021.
2. Copy of acknowledgment received from the On-line Portal of the Department of Consumer Affairs during the course of previous registration (applicable to previously on-line registered entities.)
3. Copy of the latest Audited financial statements (Balance Sheet and Profit and Loss A/c with schedules) (Previous financial year)
4. Copy of (i) Certificate of incorporation, (ii) Memorandum of Association & (iii) Article of Association of the Entity.
5. Copy of Certificate of Registration of Trademark.
6. Certificate of Importer-Exporter code (in case of imported goods)
7. List of Board of Directors/ Partners /owners of the Entity with contact address with their Aadhar No., E-mail & mobile phone No.
8. List of Key Management Personnel with their contact address with their Aadhar No, E-mail & mobile phone No.
9. Brief details of direct selling scheme and compensation plan
10. Copy of Product Brochure with price break –up as required under Rule 5 (2) (g) of the Consumer Protection (Direct Selling) Rules, 2021.
11. Copy of prior written contract to be executed with direct sellers as required under Rule 6(1) (a) of the Consumer Protection (Direct Selling) Rules, 2021.
12. Copy of GSTIN, PAN and TAN or such other registrations necessary for the Direct Selling Entity.
13. Copy of License and Registration Certificate issued under the Drugs and Cosmetics Act, 1940. (If applicable)
14. Copy of operating License under Bureau of Indian Standards (BIS) Act, 2016 (If applicable)

15. Copy of Mandatory declarations under the Legal Metrology (Packed Commodities) Rules, 2011. (If applicable)
16. Copy of Income Tax and GST returns for the latest year.
17. Such other information or documents, if any, as may be demanded from time to time.

