Andhra Pradesh & Telangana Direct Selling Industry could potentially reach a size of INR 50 billion by 2025

- The report suggests the need to revisit laws and bring regulatory clarity
- The sector has the potential to engage over 0.8 million women as direct sellers in Andhra Pradesh and Telangana by 2025
- The sector’s contribution to the state government revenue is expected to reach INR 4.5-5 billion by 2025.
Hyderabad, 29 October 2015: The A report on Direct Selling jointly compiled by FICCI-KPMG report – "Direct Selling: Andhra Pradesh and Telangana", was released today here by Shri. Mr. Rajat Kumar, IAS, Commissioner of Civil Supplies & E.O. Secretary to Government, Government of Telangana in Hyderabad today at a conference today organized by FICCI at Hotel Taj Deccan. The report indicates that the industry has the potential to provide self-employment to 1.3-1.4 million people in Andhra Pradesh and Telangana. It also highlights that with the right policy stimulus, this industry might reach its potential of INR4.5-5 billion, a fourteen-fold increase, in eleven years.

The conference was attended by a number of several Indian and global industry dignitaries, and other stakeholders. The report said that Direct selling Selling is a global industry, operating in over 100 countries, with a market size of USD183 billion. It refers to the selling of goods and services to consumers away from a fixed retail outlet - generally in their homes, workplace, etc. - through explanation and demonstration of the product by direct sellers. The US, Japan and China are key markets for the industry. In India, the market is estimated to be around INR75 billion, which is a far smaller percentage of the size of the economy, when compared to other countries. The report also highlights the challenges faced by the industry, and suggests a road map for facilitating the way forward.

Mr Safir Adeni, Convener, SME & IT Sub-Committee FICCI Telangana & AP State Council & Managing Director, Ineda Group, further said “More interestingly the direct selling companies outsource the packaging, production and distribution – generating direct employment across the value chain industry enabling the same sector. " Direct selling is one of the fastest growing non-store retail formats in India, recording a double digit growth of

At the release, Mr. Rajat Kumar, IAS, Commissioner of Civil Supplies & E.O. Secretary to Government, Government of Telangana, said "It is a move in a the correct right direction to reach to state governments – an appropriate understanding of the subject and the way this model works need to be studied further by the state governments and execution authorities. I look forward to the recommendations suggested in the report and in my capacity would try to take to my department to work towards safeguarding consumer interest, investor interest, industry interest and at large the interest of Government of Telangana"
more than 16 per cent over the past five years. According to the report, in the year 2013-14, it has been estimated to contribute taxes of INR320-370 million to the exchequer in Andhra Pradesh and Telangana. Given its nature, the industry also has a significant impact on various socio-economic parameters. In less than two decades, since it took-off, the industry has provided self-employment opportunities to more than 0.3 million people in Andhra Pradesh and Telangana as direct sellers. Nearly 60 per cent of these direct sellers are women, who have been empowered with additional income and transferable skills. The industry also generates direct employment through manufacturers and other service providers involved throughout the value chain. It has so far led to technology percolation and enhancement of many SMEs by associating with international companies. In addition, many direct selling companies have been in the forefront by actively contributing towards social activities.

Going forward, the industry has the potential to attain a market size of INR50 billion in Andhra Pradesh and Telangana by 2025, driven by growth in the consumer markets and an increase in the penetration of direct selling to globally comparable levels. This is likely to have a cascading effect on the socio-economic parameters, along with attracting commensurate capital investments in manufacturing as well as technology acquisition.

The report further highlights the need to bring in regulatory certainty for the industry, which is mistakenly coupled with fraudulent money circulation schemes because of a lack of clarity in existing legislations. It recommends the immediate need to formulate sector specific rules/guidelines and standard operating procedures for law enforcement agencies, followed by an amendment in the governing legislation and a clear definition of direct selling, giving it a dedicated industry status, as well as enactment of a thorough sector specific legislation and recognition of the Ministry of Consumer Affairs as a nodal ministry for the industry thereafter.

Representative from KPMG in India, addressing the conference dignitaries, said, “The direct selling industry is distinct in the number of people it engages with. Seldom an industry is able to touch so many lives, or is as close to its customers. The benefits of the industry have been recognized globally, and it holds a large potential in India as well as in the two states. There is a need to create an enabling environment for the industry to thrive.”

Further on the occasion, Ms. Shilpa Gupta, Head – FICCI Retail, FMCG and Direct Selling Taskforce said “Indian Direct Selling Industry is contributing positively towards the betterment of the society and acknowledging this contribution, we at FICCI through our focused task force on direct selling is working dedicatedly towards the growth of this industry and seeking regulatory clarity for this sector. FICCI is working very closely with the Central and State Governments on the same and today’s conference is a step in that direction. To further showcase the opportunities that lie in this sector, we are also organizing our annual Direct selling event – DIRECT 2015 on 8th December 2015 in New Delhi where global experts would share about the potential of this industry.”
About FICCI

Established in 1927, FICCI is the largest and oldest apex business organization in India. Its history is closely interwoven with India’s struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector’s views and influencing policy.
A non-government, not-for-profit organization, FICCI is the voice of India’s business and industry. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs. It also enjoys an indirect membership of over 250,000 companies from various regional chambers of commerce.

About KPMG in India

KPMG in India is the Indian member firm of KPMG International and was established in September 1993. It strives to provide rapid, performance-based, industry-focused and technology-enabled services, which reflect a shared knowledge of global and local industries and its experience of the Indian business environment. KPMG in India has offices in Mumbai, NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Chandigarh, Ahmedabad, Pune and Kochi.

KPMG International is a global network of professional firms providing Audit, Tax and Advisory services. KPMG operates in 155 countries and has 155,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. Each KPMG member firm is a legally distinct and separate entity and describes itself as such.

FDSA (Federation of Direct Selling Association) was a supporting partner for this event.

4th Nov 2015 – FICCI Delegation meets the Chief Minister of Andhra Pradesh Shri. N Chandrababu Naidu in New Delhi to present the state report, below is the news published in Andhra Jyothi – Telugu news daily dated 5th Nov 2015.

![Photo of FICCI Delegation meeting with the Chief Minister of Andhra Pradesh]