

PROBLEMS AND PROSPECTS OF NETWORK MARKETING IN ASSAM (INDIA)

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Network marketing or Direct Selling is a relatively new industry in India. In less than two decades, it has provided self-employment opportunities to more than 5 million people, out of which 60% are women. This paper analysis the role of Network marketing or Direct selling in generating income and employment in Assam, a state situated in the North eastern part of India. Direct Selling started operation in Assam during 1998. It is based on primary data, secondary data are also used whenever necessary, 650 respondents have been selected from respective sample Companies. The sample Companies are Amway India Enterprises, Oriflame India Private Limited, Tupperware India Private Limited and Max India Insurance. These sample Companies are the member of Indian Direct Selling Association (IDSA). This paper highlights the problem and prospects of Direct selling in Assam (India). Results indicate that there is a positive relation between education and Distributors number; women do more business than male distributors, acceptance of Direct seller in the society and satisfaction of the distributors. Problems faced by this Industry and Indian Government interventions to solve these problems.

Keywords: Network marketing, Direct selling, Self-employment, Income generation.

Introduction

Network marketing or Direct selling is “the marketing of consumer goods by representatives of the producers of the goods (distributors) to customers, bypassing the typical system of fixed retail locations” (Peterson, 1996). It is characterized as a “low cost, low entry-barrier, business opportunity that allows individuals, mostly women, to work a flexible range of hours selling branded goods for commission” (Brodie, Stanworth, and Wotruba 2002). Direct selling or Network marketing is a very familiar shopping media throughout the world. It entered India in 1995. In this market retail shop or outlet is not required. People sell the products from their home only. Therefore, this business is very popular among the women. Network marketing is the industry perceived as being low investment and high return. It employs a large number of people by using verbal communication and little advertising. Network marketing is the most modern, powerful, scientific, systematic, and cost-effective way of distributing products and services. It is different from traditional marketing. Here when a distributor distributes a product among the customers, he/she earns a share of the profit. The advantage of this business is that when one sells the product to oneself one earns a fraction of profit. Distributorship expands through the process of others joining in the system. Nobody can enter into this network on his/her own. The distributor can sponsor someone as downlink distributor. Some kind of grooming disciple is found in this system. The distributor who sponsors others is called “upline” distributor and the person who is sponsored by the upline distributor is called “downline” distributor (Biggart, 1989). So, to enter into this business one needs one “up line” or sponsor. In normal business, anyone can take up any business. He/she can enter into any business if

he/she has a willingness to do the business and enough money in hand to get the distributorship. Such businessmen do not need sponsor or recommendation. In Network Marketing shares of middlemen like the wholesaler, the retailer is not found. Now a day Network Marketing is known by different names such as Multilevel Marketing (MLM), Network Distribution, Direct Selling and Referral Business including Network Marketing. Some Companies explicitly and symbolically define themselves as feminine and are “unabashedly women’s world” (Biggert 1989). Oriflame and Avon call themselves “the Company for women”. Tupperware deals with kitchenware and airtight container and distributorship is given to women only. Some Direct Selling Organization (DSO) are formed on the assumption that the selling interaction is an all-female one with the female seller and female consumer and the products are oriented toward adult women because they deal with cosmetics, with a much smaller selection of items for men and children. According to Business Dictionary, the definition of Network Marketing is “Direct selling method in which independent agents serve as a distributor of goods and services and are encouraged to build and manage their own sale force by recruiting and training other independent agents. In this method commission is earned on the agents own sales revenue, as well as on the sales revenue of the sales-force recruited by the agent and his/ her recruits (called downline). Also called Multilevel Marketing, Cellular Marketing or by other such names. Network marketing is a Multibillion-dollar worldwide industry that distributes practically any portable item, although restricted or banned in several countries due to its history as a vehicle for consumer fraud .Said to have been pioneered by the now –defunct California Vitamin Company in 1941, it is a method employed by large firms such as Amway, Melaleuca, Nikken, and Shaklee-Nagamudi”.

Often we are sharing things we love, with our friends and family that we might not even notice how often we engage in this behavior. Therefore, we pay attention to our co-workers who cannot stop talking about the movie or the restaurant they went to over the weekend and how you should go too and the neighbor who recommends his brand of a lawnmower or the friend you can ask a doctor or dentist. We are constantly utilizing our networks to share the things we love and to help us make decisions about purchasing good and services. In fact, these human tendencies are so strong that they codified as a marketing, strategy called “word-of-mouth” marketing (Misner and Morgan 2009, Constantin, 2009). Today is the era of technology; people adopt online shopping, web-order, still Direct selling is considered the best form of marketing with this latest technology. People do not trust corporations, but they do trust their friends and peers - the social network (Direct selling news). Social sharing still leads to social commerce.

Some more definition of Direct Selling is “The marketing of consumer goods and services directly to consumers in their homes or the homes of friends, at their workplace and similar places away from shops, through explanation or demonstration of the goods or services by a salesperson, for the consumer’s use or consumption. A sales policy based on interpersonal and human relationships, chosen by individuals and corporations, producers and /or distributors, who take the initiative of a direct and physical contact with consumers in order to offer goods or services at their homes, place of employment and, in generally reserved for sales operations which the consumers visit on their own free will. In the past Person-to-person direct selling has known as door-to-door selling. If a marketing plan compensates its participants not only for their own sales, but also for the sales of their recruits, and combines this override compensation structure with the distribution of products at various levels, that marketing plan is known as Multi-level-Marketing Plan (or MLM as it often abbreviated). It is used interchangeably with multilevel marketing .The difference is one of emphasis- multi-level would seem to emphasize the compensation method more, not just the distribution system”. (Xardel, 1994).

Direct Selling Organizations are built on the assumption that the selling interaction is an all-female organization with a female seller and a female consumer. In the catalogs of cosmetics DSOs, most products are oriented toward women, with a much smaller selection of items for men and children. Biggart’s positively mentioned that direct selling organizations are “feminine.” Direct selling organizations that target women to be sellers stress the flexible nature of the work and the opportunity to combine income-generating activities with domestic responsibilities. As Biggart points out, “being able to care for family needs and work at the same time serves both the material and emotional needs of women” (Biggart1989: 58). Rather than supporting the traditional division of work from home, public from

private, DSOs “claim to offer an alternative to the model of separate spheres” (Biggart 1989: 72). The appeal to women who need to earn money but to obliged towards their family. This business operating in over 100 countries, with a market size of \$180 billion. In Network marketing rank of India in Global market is 22nd. (Business-standard,2016).

In 1995, India entered in Direct selling because of the impact of Globalization .India’s Foreign Investment Promotion Board (FIPB) approved Network Marketing Industry in India.

The size of the Indian direct selling community has more than doubled between 2009-10 and 2012-13. The industry has seen an increase of almost 2.6 million distributors from about 3.2 million in 2009-10 to 5.8 in 2012-13.The industry offers self-employment opportunities to a large number of people, especially women. Direct selling gives women the flexibility to manage their time and balance their work and personal lives (work life- balance). The industry also offers women financial independence and the improved ability to take care of their families. The industry in FY13 provided self-employment to nearly 60 per cent(3.4 million) female distributors which increased 1.5 times from 2.2 million in FY10.(Ph.D. research bureau. Annual Survey of Indian Direct selling Industry2013-14).

Indian Direct selling Industry has highlighted the industry’s growth, prospects, and important concerns both from direct seller entities and consumers perspective. Indian Direct Selling industry is people-centric industry and has a positive socio- economic impact in terms of self –employment, decent income opportunity, and growing skill development. Indian consumer’s outlook changed after Liberalization because of the booming economy, rising income of the middle class and the upper middle class, need for labor saving devices and a promise of easier and happy life, highly competitive production and marketing are promoted consumerism. In India during 2001, 11.9% urban women were engaged in Direct selling but it has increased 15.4% in 2011.(India’s National Sample Survey 2011 report).In Assam 30million total population ,Direct selling market potential, INR 5-10 billion(2025), self-employment generation potential during 2025 will be 0.10-0.15 million people(KPMG,FCCI report,2014)

The Direct selling concept is not a new one; it is a primary form of trade, selling directly goes to a customer. This form of marketing dominated all communities for many years. The traders, itinerant merchants, and caravans, these direct sellers extended their business from country to country by breaking the geographical barriers. The development and use of roads and water routes for commercial activity were pivotal points in the history of direct selling. Earlier the direct seller exchanged pottery, stone weapons, tools, agricultural products and raw materials. That time goods for goods the direct exchange economically called barter system was the principal means of trade. The history of direct selling is a big history.

Some of the features of this marketing system have been cited by Zig Zaglar and J.P.Hayer (2000).

1. In this business, the distributors /consultant directly goes to the customer house. The business owner has no retail shop .The distributors also do not have any selling outlet they operate from their own residence. Full disclosure about the Company’s strength, product development and good relationship among the distributors are found in Direct selling.
2. Network marketing is dominated by women .In India, 68% women of Network marketing are engaged in this business. This way the businesses have empowered the women also.
3. In Direct selling business a simple, duplicable marketing system that people from all orientation can easily follow. To do this business a Multi-level-Marketing Compensation plan (M-L-M) teaches how to do networking, earn income, incentives, and rewards through this marketing system.
4. An experienced management team, give training that teaches people what to do and how to do so that they can become successful within a reasonable period of time. In addition to these features, some more are also added to the features of Direct selling.
5. Consumers of this products and services of the companies are from the middle class and upper middle-class background. (Primary Data).
6. Distributors can do this business without hampering their family life. (Biggart: 1989)
7. To start this business distributors need very nominal investment. Therefore, the startup cost is very low (Brodie, Stanworth, and Wotruba 2002).

8. Another interesting feature of this business is here the distributors spend very less time because if they form a group or downline, the downline income and their time also included with him/her. Products of Network Marketing Companies are not available in Malls, retail or wholesale stores. This is a person-to-person business, based on word of mouth. (Pickney. S willian2009.)

Thus, it can be said that this type of marketing system is unique in the sense that there is no retail shop, cooperation among the up line and down line ,strong backup of managerial and product training, updates latest technology, maintain good relation with the customer etc.

The paper aims to find out the level of participating of people in Network marketing and the income earned by the distributors of Assam from this business.

Assam is the state of the Republic of India. The state located in the North East section of the country and well known for its tea and hydrocarbon industry. Its population during 2011 Census is 31.2 million and the sex ratio is 958 women per 1000 males.

In 1995, India entered in Direct selling because of the impact of Globalization .India's Foreign Investment Promotion Board (FIPB) approved Network Marketing Industry in India. Modicare launched in 1996 .Amway India Enterprises was established in August 1995 but started commercial operation on May 5th, 1998 .Avon also launched in 1998 and than Herbalife started its operation from 1999. (Goyal, 2003).Later other companies launched and operated their business in India. Now in India, there are 30 Direct Selling Companies .However, only 19 of them are the members of Indian Direct Selling Association(IDSA).They are Altos Enterprises Ltd, Ludhiana, Daehsan Trading (India) Pvt. Ltd, Delhi , Max Life Insurance Co.Ltd. Gurgaon, AMC Cookware (India) Pvt .Ltd, Bangalore, Modicare Ltd, Delhi, Amway India Enterprises, Noida, UP, Herbalife International India Pvt. Ltd. Bangalore, Oriflame India Pvt. Ltd Delhi, Avon Beauty Product India Pvt. Ltd, Gurgaon, Hindustan Unilever Network, Mumbai, CNI Enterprise (India) Pvt. Ltd, Bangalore, K-link Healthcare (India) Pvt Ltd, Chennai, Tupperware India Pvt. Ltd, Gurgaon ,Tianjin Tianshi India Pvt. Ltd, Mary Kay cosmetics Pvt. Ltd, Jafra Ruchi cosmetics India Pvt. Ltd, Elka International India Pvt. Ltd ,4 life training India Ltd. Among 25 countries ,in Asia India ranks 11th in term of revenue generated Telegraph (2009). Besides providing additional income opportunities to direct sellers, the industry also generates direct employment in their offices and manufacturing units in India. The majority of the direct selling Companies outsource production, packaging, and distribution of their products. The industry also contributes to the exchequer and in 2012-13 alone; the industry generated INR10 billion in taxes.

It is very difficult to find out who first brought this business to Northeast India. From the year, 1996 to 1998 Network Marketing started its operation in Assam by some friends, relatives, and acquaintances who had earlier started this business in Kolkata, Delhi, and Bombay, Punjab or other part of India. These distributors wanted to expand their business to Northeast and personally came here and sponsored some people .Simultaneously with India this business started in Assam and the people of Northeast became aware of this business since 1998.

Table 1. The table given below is showing the Number of distributors and turnover of 19 Network Marketing companies affiliated to IDSA in India during (20010-15)

Year	No.of distributor (in million)	Turnover (in billion)
2010-11	2.1m	41 billion
2011-12	2.8m	63 billion
2013-14	43,83,289	75 billion
2014-15	39,29,105(come down)	108 billion

Source:

IDSA report and PHD chamber, 2012, 2013.

Indian Management, July 2011.

Ernst & Young-ICRIER (Indian Council of Research and International Economic Relation), Indian management, 2011.

Business Standard, Jan4th , 2016.

The above table shows that the number of the distributors and their turnover in India during 2010-2015. In the table we have seen that the number of distributors and turnover in Network marketing is increasing in India.

In India women, formed 68% of the workforces in (2008-09). This business also provides full-time employment to over 35,000 people around the country. Specially homemakers those who earlier were busy with kitty parties now transform their time into product demonstration session. So, women involvement have contributed significantly to the success of direct selling (Goyal 2003). Network Marketing in India extended their business to rural areas. The companies like Amway, Oriflame, Forever Living and Tupperware doing business in rural areas. According to the study done by consulting firm Ernst and Young and the Indian Direct Selling Association (IDSA). Member growth rate has recorded over 30% growth in rural areas whereas metros growth rate is 10-20%. (Mishra, 2009). In India growth rate is 25% (2008-2009). Where Northeast India's growth rate is 37%, which one is higher than all India growth rate.

Table 2. Gross sale from direct sales Industry during 2011-14 in India.

Year	Gross sale of Direct Sale
2013-14	INR 74.722 million
2012-13	INR 71.641 million
2011-12	INR 63.851 million

Source: PHD research bureau Annual Survey of Indian Direct selling Industry 2013-14.

The Table-2 shows that the gross sale of direct sale has increased since 2011 to 2014. During 2011-12, gross sale was INR 63.851 million, in 2012-13 the gross sale increased to INR 71.641 million and during 2013-14 the amount increased to INR 74.722 million.

Table 3. Growth rate (percentage) of direct selling in India

Year	Growth in %
2013-14	4.3%
2012-13	12.2%
2011-12	22%
2010-11	27%
2009-10	24%

Source: PHD research bureau . Annual Survey of Indian Direct selling Industry 2013-14.

The Table-3 has shown that growth rate of direct selling in India percentage wise. The trend of growth was 24% in 2009-10, it has increased to 27% during 2010-11, but the growth trend became slow in 2011-12 to 2012-13 and 2013-14, it were 22%, 12.2%, 4.3% simultaneously.

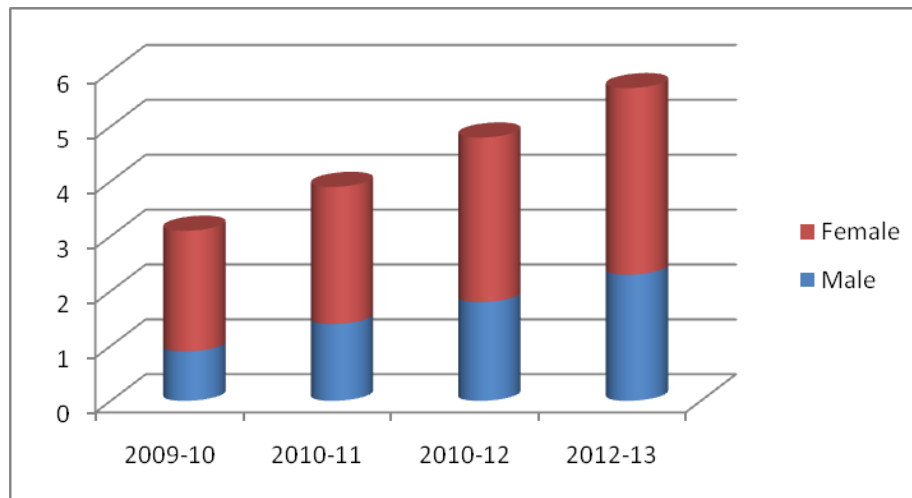
Table 4. Share of male and female in Direct selling in India during 2009-13.

Year	Male (m)	Female (m)	Total (m)
2009-10	0.9(28.125)	2.2(68.75)	3.2
2010-11	1.4(35)	2.5(62.5)	4.0
2011-12	1.8(36.73)	3.0(61.22)	4.9
2012-13	2.3(39.66)	3.4(58.62)	5.8

Source: IDSA report (2012-13),
 Figures show in the bracket indicate percentage.

The above table shows the gender variation of the people of in this type of business. During 2009-10 only 28.125% male of total distributors' number in India are engaged in this business where as female participation were 68.75%, but in 2012-13 the percentage of male distributors increased to 39.66%and female participation decreased to 58.62%.

Bar Diagram : 1:5 :Increasing trends of distributors joining in Direct selling in India (2009-13)



In this table 4 shows that the share of male female in Direct selling industry of India from 2009-13. According to this table the number of distributor have been increasing year after year .The bar diagram is showing the increasing trend of joining of distributor in Direct selling (India).Share of female participation is more than male participation in India.

Types of Direct Selling

There are two types of direct selling:

1. Single -Level -Marketing (SLM) or Public Franchisee.
2. Multi -Level -Marketing (MLM) or Private Franchisee.

Single- Level -Marketing (SLM) gets straight commission and bonus from sale generated from his/her business. In this system, one can get distributorship directly from the Company. The Company which is giving distributorship is called “ Franchisor” and the Company which is taking distributorship is called “Franchisee”, (Hedges2010).In the single level, the franchisor is the Company and others one called franchisee.

Multi Level Marketing (MLM), Network, Direct Selling Marketing, or Private Franchisee Companies offer distributors an income based on their own products sales plus that of those they sponsor. The recruitment of downline helps them build a team for the sale of such products. He/she can sponsor as much distributors as they can. Here, the person who sponsors /introduce other is known as “Franchisor” and the person who is introduced by the introducer is called “Franchisee”. Here Franchisee can introduce another person as a distributor and this way he/she can become Franchisor. In the Multilevel, marketing the Company, the franchisor, appoints franchisee who can appoint franchisees or distributors.

The difference between Traditional Market & Network Market:

In Traditional Marketing system middleman makes the money while customer pays. However, in Network Marketing customer turned distributor makes the money by eliminating the middleman. In Network Marketing customer cum distributor can directly purchase the product from Company. There is

no middleman. Overhead cost & advertising cost are there, but in Network Marketing, there is low overhead cost, no product advertising cost. There is Word of mouth advertisements.

Considering the rapid expansion and its impact in the society of the Network Marketing business in India, an attempt has made to study on this subject. . A few scholars have already done certain studies in this marketing system analyzing the nature of its expansion, the attitude of the people at large towards this type of business etc. But, no study has so far been made in Assam for analyzing the growth and expansion of this business and attitude of the people of Assam towards this business. The present study is an attempt in this direction.

The Primary objective of this paper is to find out the role of Network marketing in generating employment and income in the economy. Specially employing large number of women in India, as well as Assam .These are the areas the paper going to explore.

The Objectives of Present Paper

1. To analyze the contribution of network marketing towards the income generation in Assam (India), especially the income generation among the women through this marketing system.
2. Relationship of the distributors with their customers.
3. Prospects of this type of marketing with special reference to Assam .
4. Problems faced by this Industry and Government interventions.

Methodology

The Network marketing entered into Assam in 1998. At present there are 15 Network marketing Companies doing business in Assam. The methodology adopted for the study is descriptive. This study based on primary and secondary data collection. For primary data collection, 650 respondents have selected from respective sample Companies. The sample Companies are Amway India Enterprises, Oriflame India Pvt. Ltd., Tupperware India Pvt. Ltd. and Max India Insurance. Secondary data to has been collected from the zonal offices of the sample Companies for analyzing the performance of these Network marketing companies .Secondary data will also be collected from Journals, magazines, books, newspapers, internet source and websites.

This paper is going to explore how Direct selling can create employment generation and especially income generation among the women. At present in India there are 30 Direct Selling Companies doing business. Most of them have originated in Europe or the USA. However, only 19 such Direct Selling Companies are qualified to be the member of the Indian Direct Selling Association (IDSA).Out of these 19 member companies, 15 are operating in Assam and have regional office at Guwahati. Only four Companies have been selected on the basis of variety of products, such as Health and wellness, Beauty care And Cosmetics, Kitchenware, Insurance. Out of these 15 Health and wellness Companies 8 have deal with Nutrition and food supplement products , only 1 Company has taken as sample from each category accordingly to its highest number of distributors and yearly turnover, in Beauty care ,selection of one sample Company has done out of 4 Companies on the basis of performance, other two Companies are from the categories of Kitchenware ,Tupperware is selected on the basis of higher number of distributor and turnover and Max Life Insurance from the service sector, because it is only one Insurance Company who is the member of Indian Direct selling Association , has been selected for the details study. The name of these sample Companies is Amway India Enterprises, Oriflame India Pvt. Ltd., Tupperware India Pvt. Ltd. and Max Life India Insurance.

At first entire Assam has been stratified into districts. Five districts would be selected purposively as the sample for collecting information from the distributors and consumers of the sample companies. These five districts are selected in such a manner that each region of Assam, north, south, east, and west is covered. Thus Dibrugarh district in the east, Bongaigoan district in west, Cachar district in south, Lakhimpur in the north and Kamrup metro are the sample districts for the study. These five districts are

selected considering the geographical location and volume of the distributorships. One percent of distributors of each sample company would be randomly selected for collection of information and data. Thus 350 sample distributors out of 35000 from Amway India Enterprises, 200, out of 20,000 distributors from Oriflame India Pvt Ltd, from Tupperware Pvt Ltd 50 out of 5000 distributors and from Max India Insurance 50 out of 5000. The total number of the distributors should be 650 for an intensive study of the performance of the Direct Selling Companies of the Assam. In addition, one customer from each of the sample distributors 650 would randomly selected for collecting information about the level of customer satisfaction of this type of marketing practice.

Findings

1. Involvement of male and female in Direct selling and their percentage from all the sample Companies.

Table 5.

State	sex of the respondent		Total	% of male	% of female
	male	female			
Assam	276	374	650	42.46	57.53

Source: Field survey

For t-test mean value is found 1.5754, standard Deviation is .49467 and standard error mean is .01940.

An independent sample t –test was used to check the male female involvement in Direct selling of our sample Companies. Here, $t = 81.196$. The t-test has shown the difference between male and female is statistically significant.

The popularity of these type of business among women are more because women are multitasking, advanced people skill, willingness to earn, like to refer others, they like the flexibility nature of this business (Women Alliance, 2005, 9). This marketing system can be effective instrument for empowering women economically in the society.

2. Relationship between educational qualification of the respondent and involvement of male female in Network marketing in Assam.

Table 6.

Sex of the respondent	Non graduate	More than graduate	Total
Male	41	235	376
Female	88	286	374
Total	129	521	650

Source: Field survey.

Table 8 shows the Chi-square test of male educated distributors and female educated distributor. The table value χ^2 for 1 degree of freedom at 5 percent level of significance is 3.84. The calculated value χ^2 is 7.205, is much higher than the table value and hence the result of the experiment said that the number of more than graduate distributors do more Direct selling business than non-graduate distributors. Female, more than graduate distributors do more Direct selling business than male direct selling business.

3. The income range of the male and female distributors of the sample Companies from this business.

Table 7.

Sex of the respondents	Income range below Rs 10000-40000/	Income range above 40000	total
Male	269 (41.38)	7(1.07)	276 (42.46)
Female	363(55.846)	11(1.69)	374(57.538)
	632(97)	18 (2.7)	650

Source: Field survey.
Figure in between brackets is showing percentage.

The Chi-square test indicates that number female distributors earn more in the income level of below Rs 10000-40000/ and above Rs.40000/ .In this chi-square test ,1degree of freedom at 5percent level of significance is 3.84.Since calculation value is more than table value,0.0962.Statistically it is not significant that incentive level of the women distributors are more than male distributors.

4. Respondents are employed or unemployed

Table 8.

Number of employed		Total
Yes	No	
235(36.15)	415(63.846)	650
Male 110(39.85)	166(60.14)	276
Women 117(31.28)	257(68.71)	374

Source: Field survey.
Figure in between brackets is showing percentage.

Out of 374 women distributors31.28% are employed women distributos are doing this business along with their service,but68.71% women do this business soley. Result shows that the out of 276male distributors ,39.85% are employed or have their own income source,60.14% do this business only.

5. Relationship between unemployed and higher income range

Table 9.

Employed	Income range at present?			Total
	upto 10000	10000 to 40000	above 40000	
Yes	184((28.307)	46(7.07)	5(.769)	235(36.15)
No	337(51.846)	65(10)	13(2)	415(63.846)
Total	521(80)	111(17.07)	18(2.769)	650

Source: field survey
Figure in between brackets is showing percentage.

Above two tables show that distributors those who are employed earn less from this business but those who are full timer or un employed involve more in this business earn more from this business.

6. The number of distributors in sex wise of the sample Companies.

Table 10.

		Name of the company you joined as distributor				Total
		Amway	Oriflame	Max life	Tupperware	
sex of the respondent	male	235(36.153)	4(0.615)	37(5.69)	0(0)	276(42.46)
	female	115(17.69)	196(30.153)	13(2)	50(7.69)	374(57.538)
Total		350(53.846)	200(30.769)	50(7.69)	50(7.69)	650

Source:field survey

Figure in between brackets is showing percentage

7. Relationship with the customer.

Table 11. How do customer get the products

Distributor directly delivered	Himself/herself collected	total
643(96.9)	7(1.076)	650

Source:field survey

Figure in between brackets is showing percentage

In this business relationship between distributors and their customers are very close .From this table it is shown that customer like to purchase products directly from the distributors,96.9% ,only 1% like to collect from himself or herself.

8. Have you change your distributors sometime in past.

Table 12.

Yes	No	Total
14 (2.15)	636(97.84)	650

Source : Field survey

Figure in between brackets is showing percentage.

Only 2.15 percent customer have changed their distributors and 97.84 percent like to purchase products from their existing distributor to whom they have a good relation and good rapport.

9. Have you face any problem of getting the product from the distributor.

Table 13.

Yes	No	Total
47(7.23)	603(92.769)	650

Source:field survey

Figure in between brackets is showing percentage.

The table indicates that only 7 percent were facing problem to get product from Direct seller, 92.769 percent is not getting any problem to getting the product.

10. Do you purchase directly from the distributor.

Table 14.

Yes	No	Total
640(98.46)	10(1.53)	650

Source : field survey

Figure in between brackets are showing percentage.

The table shows that 98.46 percent purchase directly from the distributor and 1.53 percent not purchase directly from distributors.

11. Percentage of growth in monthly income range of number of distributor of sample Direct Selling Companies in Assam from 2010-2015.

Table 15.

Income Range Company	Rs25000-50000	Rs 50000-1lakh	Rs1-1.50 lakh	Rs1.50-2 lakh	Rs. 2-2.50 lakh	Rs2.50-3 lakh	Rs3-3.50 lakh	Rs3.50-4 lakh	Rs 4 lakh and above
Amway Ind. Ent	116%	48.88	50%	100%	400%	0	100%	200%	200%
Oriflame Ind. Pvt Lim	72.2%	110%	37%	250%	150%	0	400%	25%	100%
Tupperware Ind.Prvt	120%	100%	0	100%	100%	100%	100%	0	0
Maxlife Insurance	333%	200%	0	0	0	0	0	0	0

Source: Primary source.

Table-17 have shown the percentage of growth in monthly income range of the distributors of sample Direct selling Companies. Here ,the success level has been showing from INR 25000-400000/ and above .In Assam people in Direct selling earned up to INR 500000/.

Challenges (Problems) of Direct selling industry in (Assam) India

Direct selling in India similar to the traditional consumer industries, the Direct selling industry faces challenges in setting-up manufacturing facilities, dealing with import duties, etc. A daunting challenge for the direct selling industry in India is lack of regulatory clarity. Due to this, often direct selling companies are mistaken for fraudulent pyramid/ ponzi schemes. States like; Andhra Pradesh, Kerala, Sikkim and union territories like Chandigarh, have on several occasions mistook legitimate Direct selling Companies

with fraudulent Companies because of absence of required regulatory clarification. Such uncertainty is likely impeding the growth and reputation of Direct selling Companies in India. In many cases, due to absence of clarity, some incidents happen to the Direct seller. Such incidences tend to obstruct the growth of the industry and can have an adverse effect on consumer confidence. Some recommendations have been given by the IDSA, the following roadmap that can be considered by the government/regulators in the future to benefit this industry. The Greatest challenges are the lack of guidelines or legislation for the industry, which has led to lack of clarity. (Pickney. S willian2009.)

Amendment in the **Prize Chit and Money Circulation Schemes (Banning) Act 1978 (PCMCS Act)**. The **PCMCS Act** does not explicitly address schemes, which involve the genuine sale of products or services, but some jurisdictions have attempted to read those situations into the Act. Amendment in the **PCMCS Act** is needed to make the distinction clear between direct selling (including MLM plans) involving the genuine sale of products, and fraudulent pyramid money circulation (Ponzi) schemes. Need to streamline **Foreign Direct Investment (FDI)** policy. Given the numerous social as well as economic benefits of this specialized channel of distribution, direct selling should be given a separate 'industry' status. Need for a governing legislation at present, Direct selling falls under the purview of state legislation and is governed by a large number of ministries/ departments at the centre, state and local levels. The multiplicity of regulatory bodies has resulted in multiple regulations governing this sector. These should be streamlined for the smooth performance of this sector. Need for a nodal ministry. There is no single nodal ministry at the centre at present and, hence, the grievances of this sector tend to go unheard. Given that the sector is predominantly based on consumer interactions, the Ministry of Consumer Affairs may be appointed as the nodal ministry for the Direct selling industry. "Products of Network Marketing Companies are not available in Malls, retail or wholesale stores. This is a person-to-person business, which relies on power of word of mouth. These Companies are not free from challenges. It is true that this industry is growing faster in India. The Greatest challenges is the lack of guidelines or legislation for the industry, which has led to lack of clarity" (Pickney. S willian2009.)

Some problems of Network marketing have been come out forefront

- (a) The distribution system is very poor in Direct selling Companies product distribution point is very limited. Sometime distributors have to travel long way to purchase from the Company. Distributors from interior place have to travel long way to purchase product from head quarters .This way supply of product to the prospective customer are being delayed. That is why this business cannot penetrate properly in remote areas.
- (b) The sample customer reports another Challenge of Direct selling is that, direction of how to use the product is not written on the container.
- (c) Another challenge of Direct selling is the shopping malls and departmental stores are using the tag line of "manufacture to retailer". That means they also sale the product directly from the producers, eliminating the middleman in the product supply chain and offer the good to the consumer on much discount. Therefore, people feel that purchases from these stores are hassle free and economy.
- (d) Print and electronic media advertisement play a major role in case of consumer durable consumption of people. Repeated advertisement in media makes an impact on the people about the credibility of commodity and quality of the people. But in Direct selling advertisement is very less in the media so customers some- times do not aware of the availability of the certain category of product in Direct selling.
- (e) The biggest challenge faced by the industry in India is that emergence of frauds Companies. These Companies are mostly scheme. The head of the network (upline) is doing maximum money. So the consumer of Direct selling are confused with the business practice of scam Companies

- (f) Many distributors joined this business for consuming product only. They do not sell the product. It is found that 30 percent distributors are non-functional (to be enquired from Area manager of Direct selling Companies).
- (g) Quitting of the distributors is the greater challenge of the Direct selling. Moreover, 20-30% of the distributor quit from the business annually.
- (h) Another biggest challenge faced by the Direct selling distributors are e-shopping, teleshopping etc. These shopping media also claim “directly from home” customer can purchase and Companies deliver their product to the customer’s house. These shopping media also sell the product of Direct selling in low price.
- (i) Direct selling involves a lot of travelling, conducting seminars, training session that goes late into the evening for their distributors. There is also a misconception that as career, it requires great oratory skills and takes the time to master knowledge about company’s products and service. Sometime people scared to do this business because they think they have lack of people skill and low oratory skill.

Suggestions to Solution of These Challenges

Network marketing or Direct selling needs a strong Government intervention in India. Existing Direct selling Companies established an association named the Indian Direct Selling Association in 1996. This association is a non-government voluntary organization. This association had submitted a draft act to the government to regulate the direct selling industry. The industry has raised several issues such as protecting consumer against pyramid scheme, legitimizing the industry and distinguishing genuine direct selling from look alike.

Direct selling has faced some challenges like increasing number of pyramid scheme those are started at the name of Direct selling. But after doing some profitable business the top of the network has done huge money and suddenly these business left the market, these fraud Companies make a negative impact on the mind of the distributor as well customers. To protect from such type of challenge Direct selling need some government initiative, some laws. The countries where Direct selling business makes good business required such law to protect them. India also required such law and Indian Direct selling Association is the organization who fight for Direct selling Industry in India.

Conclusions

It has been found that the success stories of Direct selling is very low in Assam but the distributors/consultants/agents are radically trying to improve their socioeconomic status through Direct selling, so the success stories are real and are constantly retold by Direct sellers, the average distributor will not become wealthy through his/her work of selling cosmetics or air tight container. Only those, who are dedicatedly doing this business and devote 24 hours a week, attend regular product training, counseling regular with his/her ‘upline’ they can get the success in Direct selling e.g. they visit upline place regularly, attend all the meeting and seminar conducted by the Direct selling Company, attend meeting, distributor conducted home meeting /party plan in his/her house, they sometime go to the prospects /customers house to show their MLM plan and for product demonstration. Some time distributor invites their upline to demonstrate the products and describe the qualities of product. They do home meeting among their own (small) team and discuss some motivational book, product range, demonstration etc. Through this business simple home maker turns into business women which inspired other women to do this business. May be in large scale income generations it’s success level is very low but in Indian society when a house wife and a normal person earns money through Direct selling, gets income, incentives, foreign trips, rewards, recognition it attract more people towards Direct selling business. To do this business Direct selling Companies need a strong Government regulation to protect

them from fraud, money making, chit fund. Most of the countries have some rule and regulation on Network marketing but India Government is still thinking about this matter. Still this market has high prospect for Assam's (Indian) distributors .

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