

## Prohibitions

### 1. Absolute Ban on Pyramid and Money Circulation Schemes:

- It is strictly prohibited to promote, participate in, or enroll any person into a **Pyramid Scheme**.
- Promoting or participating in a **Money Circulation Scheme** in any form is forbidden.

### 2. Prohibitions on Making False and Misleading Claims:

- The company or the Direct Seller must not make **false, unsubstantiated, or misleading claims** about the products or services.
- They should not provide **incorrect information** about the company's compensation plan or business opportunity, such as claiming that income can be earned only through recruitment without any actual product sales.
- Providing misleading information about the quality, functionality, use, or features of a product (this is considered '**Mis-selling**').

### 3. Prohibition on Charging Fees for Enrolment/Recruitment:

- It is forbidden to charge any **Entry Fee** or **Membership Fee** for enrolment or subscription as a Direct Seller.
- No Direct Seller should be compelled to purchase mandatory inventory, products, or services to join or continue with the company.

### 4. Unfair Trade Practices:

- Exerting **undue pressure** on consumers to purchase products or influencing them unfairly.
- Visiting a consumer's premises without a prior appointment or approval, or making sales there.
- Providing any literature or sales equipment that has not been **approved by the company**.
- **Requiring** a prospect to purchase any literature or sales demonstration equipment.
- **Failing to provide information** about the Direct Seller's identity, address, contact details, and the correct price of the goods or services being sold to the purchasing consumer.

### 5. Prohibited Actions by the Company:

- Appointing any person as a Direct Seller without proper verification.
- Not prominently displaying mandatory information on its website (such as address, contact details, grievance redressal mechanism, etc.).
- Providing commission, bonus, or incentives to Direct Sellers solely for recruiting new members (income must be derived from the **sale of goods or services**).
- Failing to handle grievances promptly (acknowledging complaints within 48 working hours and aiming to resolve them within 30 days).
- That the Distributor or his/her relatives (relative means dependent son or daughter, father/mother, spouse) shall not engage in any activities of Multi Level Marketing of any other entity. If it is found then such Distributor shall be terminated.
- That the Distributor is prohibited from listing, marketing, advertising, promoting, discussing, or selling any product, or the business opportunity on any website or online forum that offers like auction as a mode of selling.
- That the Distributor hereby undertakes not to compel or induce or mislead any person with any false statement /promise to purchase products from the Company or to become Distributor of the Company.
- That the Distributor and the company hereby undertakes not to indulge in money

circulation scheme or any act barred by the Prize Chits and Money Circulation Scheme (Banning) Act, 1978.

- That the Company/Distributor shall not promote a pyramid scheme, as defined in Clause 1(12) of the “Advisory to state Government/Union territories on Model Guideline on Product selling” issued by the Department of consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Government of India Dt. 09th Sep. 2016 F.NO. 21/18/2014-IT(Vol-II). In the garb of Product selling Business opportunities.

In summary, a Direct Selling Company or its Direct Sellers must strictly adhere to the principles of **transparency, ethics, and consumer protection**.