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NOTIFICATION

No. F.20016/3/2024-FCS&CA, the 28th April, 2025: In the interest of public service and in exercise of the powers conferred under rule 11 of the Consumer Protection (Direct Selling) Rules, 2021, the Governor of Mizoram is pleased to notify the ***Mizoram Consumer Protection (Direct Selling Monitoring Authority) Guidelines, 2025*** to monitor and supervise the activities of direct sellers and direct selling entity in the State with immediate effect.

Teresy Vanlalhruii

Secretary to the Govt. of Mizoram
Food, Civil Supplies & Consumer Affairs Department

Mizoram Consumer Protection (Direct Selling Monitoring Authority) Guidelines, 2025.

In exercise of the powers conferred by rule 11 of the Consumer Protection (Direct Selling) Rules 2021, the Government of Mizoram hereby makes the following guidelines to monitor and supervise the activities of direct sellers and direct selling entities as follows, namely:-

1. Short title and commencement.—

- (1) These guidelines may be called the Mizoram State Consumer Protection (Direct Selling Monitoring Authority) Guidelines, 2025.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.—

- (1) In these guidelines, unless the context otherwise requires,-
 - (a) “Act” means the Consumer Protection Act, 2019 (35 of 2019);
 - (b) “Competent Authority” means any Officers as may be designated by the Government under the guidelines
 - (c) “consumer” shall have the same meaning as assigned to it under the Consumer Protection Act, 2019.
 - (d) “cooling-off period” shall have the same meaning as provided under the Consumer Protection (Direct Selling) Rules 2021.
 - (e) “direct Selling” shall have the same meaning as assigned to it under the Consumer Protection Act, 2019.
 - (f) “direct selling entity” shall have the same meaning as assigned to it under the Consumer Protection (Direct Selling) Rules 2021.
 - (g) “Director”, means Director of Department of Food, Civil Supplies and Consumer Affairs of the State of Mizoram.
 - (h) “Deputy Director”, means Deputy Director Department of Food, Civil Supplies and Consumer Affairs of the State of Mizoram.
 - (i) “District Controller”, means District Civil Supplies Officer, Department of Food, Civil Supplies and Consumer Affairs of the State of Mizoram.
 - (j) “expert or professional” means a person of integrity and outstanding ability having special knowledge of, and experience in the field for which they are to be engaged;
 - (k) “financial year” means the year commencing from the 1st day of April and ending on the 31st day of March of the year immediately following.
 - (l) “money circulation scheme” shall have the same meaning as assigned to it under the Consumer Protection (Direct Selling) Rules, 2021.
 - (m) “Monitoring Authority” means the Mizoram State Consumer Protection Direct Selling Authority under these guidelines.
 - (n) “network of sellers” shall have the same meaning as assigned to it under the Consumer Protection (Direct Selling) (Amendment) Rules 2023.

Explanation: 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 sub-section 7 of section 2 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 and bonus to all such direct sellers in the network formed by them. However, such disbursements shall be strictly on the basis of the sales or turnover achieved by the Direct Sellers at different levels and not on the basis of mere recruitments.

- (o) “Nodal Officer”, means the officer of the Department of Food, Civil Supplies and Consumer Affairs, Government of Mizoram.
- (p) “pyramid scheme” shall have the same meaning as assigned to it under the Consumer Protection (Direct Selling) Rules 2021.
- (q) “rules” means the Consumer Protection (Direct Selling) Rules, 2021.
- (r) “Secretary”, means Administrative Secretary of the Department of Food, Civil Supplies and Consumer Affairs, Government of Mizoram.
- (s) “State” means State of Mizoram.
- (2) Words and expressions not defined in these guidelines but defined in the Act and rules shall have the meanings respectively assigned to them in the Act and the rules.

3. Establishment of Monitoring Authority —

- (1) The State Government by notification, shall establish a Monitoring Authority, to be known as the Mizoram State Consumer Protection Direct Selling Monitoring Authority or assign Department of Food and Civil Supplies and Consumer Affairs, Government of Mizoram for ensuring compliance of the rules and for matters connected therewith or incidental thereto.
- (2) The object of the Monitoring Authority is to regulate, monitor and supervise the Direct Selling Business and implement the rules.
- (3) The Mizoram State Direct Selling Monitoring Authority shall consist of—
 - (a) The Secretary of the Department of Food, Civil and Consumer Affairs as the “Chairperson”.
 - (b) Director of the Department of Food, Civil Supplies and Consumer Affairs or any officer nominated by him not below the rank of Deputy Director as the “Nodal Officer of Monitoring Authority” and “Convener” of the following members.
 - (c) The Secretary of the Commerce & Industries Department or any other Officer nominated by him not below the rank of Deputy Secretary.
 - (d) Controller, Legal Metrology or his representative.
 - (e) Deputy Inspector General rank officer from the Police Department dealing with Economic Offences.
 - (f) One subject matter expert duly nominated by the Government.
 - (g) Invitee as deemed necessary.The Monitoring Authority shall convene meeting as needed, but shall meet at least once in a year.
- (4) Meetings of Monitoring Authority —
 - (a) The Chairperson, or in his absence, the Nodal Officer shall preside over the meetings of the Monitoring Authority.
 - (b) In the absence of both the Chairperson and the Nodal Officer, the meetings of the Monitoring Authority shall be presided over by a member of the Monitoring Authority elected for this purpose.
 - (c) A meeting of the Monitoring Authority may be called by the Nodal Officer of the

Monitoring Authority with the approval of the Chairperson through the issuance of a notice in writing to every member which shall include the place, date and timings of the meeting at least fifteen days before the intended date of the meeting by post, or through e-mail to facilitate speedy communication.

- (d) The quorum to constitute a meeting of the Monitoring Committee would be one-half of the total number of the Committee and any decision taken should be passed by a majority of not less than two-thirds of the members of that Committee present and voting.
- (e) No proceedings of the Monitoring Authority shall be invalid merely by reasons of the existence of any vacancy in or any defect in the constitution of the Monitoring Authority.

4. Conditions for the setting up of direct selling business —

- (1) Every direct selling entity carrying out or intending to carry out direct selling business subsequent to the publication of these guidelines in the Gazette, shall within ninety days comply with the mandatory requirements as set out under the rules and shall register with respective Monitoring Authority or Competent Authority having Jurisdiction:
Provided that application for registration of direct selling entity with the Monitoring Authority may be filed either in person or through post or electronically.
- (2) Every registration application filed under clause 1 shall be accompanied by an annual fee of ten thousand rupees or five percent of the annual turnover in that state whichever is lesser, in the form of crossed demand draft drawn on a nationalised bank in favour of Chairperson or Nodal Officer Mizoram State Monitoring Authority:
Provided further that the State Government may increase the annual registration fee as it deems fit.
- (3) Direct selling entity carrying out its direct selling business in two or more different jurisdictions shall register at the principal place of operation of its business and submit registration certificate issued by Monitoring Authority to all the other jurisdictions where they operate their business, accompanied by the annual registration fee as prescribed in sub-clause 2 at all jurisdictions.
- (4) The Direct Selling entity must ensure that commission or bonus should be payable on the Actual Sale Value (i.e. Sale Price less Goods and Service Tax). No other formula shall be allowed to compute commissions. It is clarified that no commission or bonus shall be paid against advances.
- (5) Direct selling entity must be the owner, holder or licensee of a trademark, service mark or any other identification mark which identifies that entity with the goods or services to be sold or supplied, and shall not give commissions, bonuses or incentives on the sale of goods or services of which it is not the owner, holder or licensee of trademark, service mark or other identification marks.
- (6) The expenditure for the day-to-day transaction of the Monitoring Authority shall be borne from the amount collected out of registration fees. The Monitoring Authority shall credit the remaining amount of fee received by it, to the Consumer Welfare (Corpus) Fund of the state after bearing all the expenditures.
Provided that in case the amount collected from the registration fees is insufficient to carry out the day-to-day transaction of the Monitoring Authority, it shall be borne from the Consumer Welfare (Corpus) Fund of the State.
- (7) Every direct selling entity carrying out or intending to carry out direct selling business in India shall submit a self-declaration and undertaking in the format specified in Schedule-I to these

guidelines to the Monitoring Authority or Competent Authority stating that it is in compliance with the Act, and guidelines.

- (8) It shall also provide such details of its incorporation and other business details as specified in Schedule-II to these guidelines.
- (9) The Monitoring Authority or Competent Authority shall acknowledge the receipt of registration application within seven working days.
- (10) The Nodal Officer will scrutinise the application within a period of thirty days and if there are any defects in the application, the Nodal Officer shall inform the applicant of the defects asking them to remove the same within fifteen days.
- (11) The Monitoring Authority or Competent Authority shall provide a registration certificate within thirty days of receipt of the registration application supported with documents as required under these guidelines.
- (12) The Monitoring Authority or Competent Authority may, by issuing the certificate of registration, accept the application or reject the same.
Provided that no application shall be rejected under these guidelines unless an opportunity of being heard has been given to the applicant. The rejection of the application shall be accompanied with reason for rejection in writing.
- (13) Where the Monitoring Authority or Competent Authority does not decide as to acceptance or rejection of the application within a period of thirty days from the date of the application where no additional information or documents is sought, the application is deemed to be accepted and the Monitoring Authority or Competent Authority is compelled to furnish the certificate of registration.
- (14) Any changes with respect to compliance with the rules or of any other law or rules for the time being in force, the direct selling entity shall bring such changes to the information of the Monitoring Authority with a period of thirty days.

5. Additional requirements for direct selling entities working in the State of Mizoram —

- (1) In addition to the compliances and requirements provided in the Consumer Protection Act 2019, Consumer Protection (Direct Selling) Rules 2021, Legal Metrology Act 2009 and any rules framed thereunder by the Central Government or State Government of Mizoram, Direct Selling Entities working or selling their products and services in the State of Mizoram shall comply with following additional compliances, namely:-
 - (a) the direct selling entity shall not change or sell the ownership of the position of the direct sellers in the compensation structure;
 - (b) the direct selling entity shall not generate or trade any type of virtual or digital currency;
 - (c) the direct selling entity shall not allow or permit Direct Sellers to have multiple registrations with the same Direct Selling entity;
 - (d) the direct selling entity shall not provide any commitments of returns on investments (on purchase of product/s or without the purchase of product/s) to or through the participants of the entity to the other individual/s in the form of interest, salary, loan, help, donation, market development fees and support fund;
 - (e) the direct selling entity shall not publish nor promote more than one compensation plan;
 - (f) the direct selling entity shall pay commissions and incentives only after redemption of the gift vouchers or coupons.

6. Powers and functions of Monitoring Authority —

- (1) The Monitoring Authority shall:
 - (a) grant Certificate of Registration to direct selling entities for carrying out direct selling business in the State of Mizoram;
 - (b) protect, promote and enforce the rights of consumers and prevent violation of consumers rights by direct selling business under the Act;
 - (c) prevent unfair trade practices and ensure that no direct selling entity or direct seller engages himself in unfair trade practices;
 - (d) ensure that no false or misleading advertisement is made of any goods or services by direct selling entity or direct seller which contravenes the provisions of the Act or the rules, regulations or guidelines made thereunder;
 - (e) ensure that no direct selling entity or direct seller takes part in the publication of any advertisement which is false or misleading.
 - (f) ensure that no direct selling entity takes part in, -
 - (i) promotion of a pyramid scheme or enrolling any person to such scheme or participating in such arrangement in any manner whatsoever under the garb of doing direct selling business;
 - (ii) money circulation scheme under the garb of doing direct selling business.
- (2) Without prejudice to the generality of the provisions contained in paragraph 1, the Monitoring Authority may, for any of the purposes aforesaid, -
 - (a) issue show cause notice to those companies, firms, partnerships or other direct selling entities violating the rules and to companies which failed to submit declaration and undertaking as required under sub-clause 7 of clause 4 of these guidelines;
 - (b) call for information from direct selling entities when it is expedient to do so;
 - (c) call upon the books of accounts, registers, certified copies of mandatory registration certificates as per the rules or other documents for necessary verification and examination in such circumstances as required by the Monitoring Authority;
 - (d) engage one or more persons not below the rank of Assistant Director in the Government of Mizoram to conduct an inquiry in relation to the affairs of any direct selling business;
 - (e) the Monitoring Authority or Competent Authority may, after receiving any information or complaint or directions from the Central or State Government or from Central Consumer Protection Authority or of its own motion, shall conduct a preliminary enquiry as to whether there exists a prima facie case of violation of consumer rights or any unfair trade practice or any false or misleading advertisement or violation of the rules by direct selling entity or direct seller and if, after such a preliminary inquiry, if it is satisfied that a prima facie exists regarding violation of consumer rights, unfair trade practices, false or misleading advertisement, or breach of the Direct Selling Rules, it shall direct an investigation in accordance with applicable law:

Provided that, where, after preliminary inquiry, the Monitoring Authority or Competent Authority is of the opinion that the matter is to be dealt with by a Regulator established under any other law for the time being in force or Central Consumer Protection Authority, it may refer such matter to the concerned Regulator along with its report;
 - (f) the Monitoring Authority or Competent Authority on investigation or on its own behalf may file a complaint against direct selling entity or direct seller for violation of consumer rights before the Central Consumer Protection Authority under section 17 of the Act;
 - (g) may either suo-moto or on the report of consumers including general public or on

directions of Central Consumer Protection Authority or on direction of Central or State Government file complaint against direct selling entity or direct seller for violation of consumer rights or misleading advertisements, or unfair trade practices or violation of the rules before the District Commission, the State Commission or the National Commission, as the case may be;

- (h) intervene in any proceedings before the District Commission or the State Commission or the National Commission, as the case may be, in respect of any allegation against Direct Selling entity or Direct Sellers for violation of consumer rights or misleading advertisements, or unfair trade practices or violation of the rules;
- (i) order the direct selling entity to take corrective steps for violation of the rules, committed by entity itself or by their duly appointed direct sellers;
- (j) the Monitoring Authority or Competent Authority can look over the contract between the direct selling entities and the direct sellers and ensure that the terms of the contract are equitable for both the parties and no one is unfairly benefitted;
- (k) cancel the enrolment of those direct selling entities violating the rules repeatedly even after show cause notices and warnings or failed to take corrective steps as required by the order Monitoring Authority or Competent Authority:
Provided that the Monitoring Authority or Competent Authority shall give the direct selling entity an opportunity of being heard before passing an order;
- (l) spread and promote awareness on direct selling business and consumer rights;
- (m) encourage non-Governmental organisations and other institutions working in the field of consumer rights to co-operate and work with consumer protection agencies;
- (n) issue safety notices to alert consumers against dangerous or hazardous or unsafe goods or services;
- (o) advise the Ministries and Departments of the Central and State Government on consumer welfare measures with regards to direct selling business;
- (p) other responsibilities as may be specified by the State or Central Government in accordance with the rules.

7. Responsibilities of Monitoring Authority—

- (1) provide appropriate platform for receiving complaints from the consumers or direct sellers including general public against the with respect to direct selling business or violation of the rules.
- (2) inform respective enforcement authorities regarding the unethical and unlawful practice, if any, carried out by direct selling entities or direct sellers including non- compliance and evasion of tax laws, noticed by the Monitoring Authority or Competent Authority.
- (3) provide Policy inputs to the Central Government for appropriate modifications in the rules, if warranted, from time to time.
- (4) provide Confidence Building Measures through 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 or Multi-Level Marketing” by the Department of Food, Civil Supplies and Consumer Affairs or any such Institute recognised for the purpose by State Government.

8. Filing of Periodical Reports before the Monitoring Authority —

- (1) Every Direct Selling Entity must furnish reports with the following information and submit to the Monitoring Authority within 90 days from the end of each financial year respectively,
 - (a) total number of active direct sellers (i.e. those direct sellers who have placed order in last month of the financial year) in the State of Mizoram as on the last date of the said financial year;
 - (b) net sales in the State of Mizoram during the said financial year as reported in Goods & Service Tax return;
 - (c) total commission paid to its direct sellers in the said financial year;
 - (d) register of direct sellers;
 - (e) details of the change and substitution in the constitution of the direct selling entity, its address, its details related to website, and/ or its shareholding;
 - (f) details of the change of any nodal officer or grievance officers their name and contact details;
 - (g) total number of complaints received within the State and the total numbers redressed & pending status in the said financial year;
 - (h) details of any change in the business plan of the direct selling entity;
 - (i) any other particulars if found necessary by the Monitoring Authority.

SCHEDULE-I
SELF-DECLARATION/ UNDERTAKING

I/We, in the capacity of
of the Company/ Firm declare that we are compliance with the
following that;

1. We do not promote or participate in a Pyramid Scheme, nor do we enroll any person in such a scheme or participate in such an arrangement in any manner whatsoever in the garb of doing Direct Selling business.
2. We do not participate in Money Circulation Scheme, in the garb of Direct Selling Business.
3. We will comply with all aspects mentioned under the Consumer Protection (Direct Selling) Rules, 2021 issued by the Department of Consumers, Ministry of Consumer Affairs, Food and Public Distribution Government of India and shall also provide such details as may be notified from time to time.
4. We will comply with all the provisions of Mizoram Consumer Protection (Direct Selling Monitoring Authority) Guidelines of the Government of Mizoram as may be notified from time to time.

Place:

Name.....

Designation.....

Tel. No.

E-mail.....

SEAL OF THE
COMPANY

LIST OF ENCLOSURES

1. Certificate of Incorporation byelaws
2. Memorandum of association & Article of Association
3. List of Board of Directors, with contact details.
4. Brief details of direct selling scheme and compensation plan.
5. Sample of contract with direct sellers/distributors.
6. Name and Address of the top Executives/ Officials of the Company.
7. Copies of Tax Registration Nos.
8. Details of Product/Services.
9. Details of Licenses/ Trademarks.
10. Copy of VAT/ GST/ IT/ Service Tax/ Central Excise returns including TDS returns for the last two Assessment years prior to the enrolment in the State as applicable.

SCHEDULE-II
DETAILS OF ITS INCORPORATION AND OTHER BUSINESS DETAILS

Details of Incorporation		
1	i. Name of the Company (As Registered) ii. CI N No: iii. Name and address of Directors on Board (Enclose details)	
2	Details of Registration (with jurisdiction) a) Address of Registered Office (Enclose copy of Registration Certificate): b) Email: c) Telephone Nos: d) Company Website: e) Details of other registrations (with jurisdiction), if any (Attach copy of Memorandum of Association and Articles of Association) f) Type of Entity (Private, Public, Trust, Ltd. Etc.) g) A copy of the Trademark Certificate h) Proof of online enrollment/ registration fee.	
3	Details of Head Office a) Address b) E-mail c) Details of Key Management Personnel as per registration under the Companies Act/ Partnership Act, 1932/ Limited Liability Partnership Act, 2008: d) Details of Regional Offices: e) Nodal Officer for interacting with D/o Consumer Affairs; (Name, designation, Tel No., e-mail, Fax, mobile No.)	
4	Details of Tax Particulars (Attach all full Documents) a) Income Tax Registration No. (PAN) & Latest Income Tax Returns b) Income Tax TDS Registration No. (TAN) c) Service Tax Registration No. (Service Tax Code - STC) d) Central Excise Registration no. e) VAT Registration No. (TIN) f) GST Registration No. (GSTIN) & Latest Goods and Services Tax Returns; g) Latest Balance Sheet, Audit Report and such other relevant reports;	
5	A. Whether anyone from the Management was convicted by any court in the past 5 years (from the date of application). If so, the details thereof. (Yes/No) B. Whether the Direct Selling Entity is facing litigation in any legal forum or court of law and if so, details thereof. (Yes/No)	
6	Whether direct selling is of Products or Services or both?	
7	Details of License(s): (i). 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; (ii). 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 and Unani drugs and Homoeopathic Medicines;	

	(iii).Registration certification with Legal Metrology (iv).Registration under Shop and Establishment Act, if applicable (v). Trading Licence issued by competent authority, if applicable	
8	Total number of direct sellers working within the state (at the time of registration)	
9	A. Address/Telephone Nos./e-mails etc. of Customer Care & Grievance Redress Cells (HQ & Branches). B. Details of Consumer Grievance Redress Committee as per rules: a) Member Name, Phone No and email: b) Member Name, Phone No and email: c) Member Name, Phone No and email:	
Direct Selling Business Details		
10	Details of Products / Services offered (Give link of websites)	
11	Details of Certificate of Importer & Exporter code (in case of imported goods) (attach the relevant documents)	
12	Please confirm the following about your direct selling scheme: a) There are provisions for the remuneration/incentivisation of direct sellers for the recruitment/enrolment of new participants b) Direct sellers will receive remuneration only from the sale of goods or services c) Participants are required to purchase goods or services: d) It requires a participant to pay an entry/registration fee, cost of sales demonstration equipment and materials or other fees relating to participation. e) It provides a participant with a written contract describing the “material terms” of participation. f) It allows or provides for a participant a reasonable cooling-off period to participate or cancel participation in the scheme and receive a full refund of any consideration given to participate in the operations. g) It allows or provides for a buy-back or repurchase policy for “currently marketable” goods or services sold to the participant at the request of the participant at reasonable terms. Note: 1. Details of Direct Selling compensation/remuneration plan of direct sellers 2. Give details in regard to the above in an enclosure. 3. In case any of the answers in this para is “No”, please provide full details with reasons in an enclosure.	Yes/No Yes/No Yes/No Yes/No Yes/No Yes/No Yes/No Yes/No
13	A. Proper identity document(s) is/are issued to all the direct sellers. B. A “register of direct sellers” is maintained by your business, wherein relevant details of each enrolled direct seller is updated and maintained with details including verifiable proof of address, proof of identity and PAN as per the Income Tax Act, 1961. (Attach the register of direct sellers) C. What is the mechanism for payment of VAT? Give details.	Yes/No Yes/No
14	A. The website is proper and updated regularly with following details; a) Registered name of direct selling entity.	Yes/No

	<p>b) Registered address of the direct selling entity and of its branches.</p> <p>c) Contact details, including e-mail address, fax, land line and mobile numbers of its customer care and grievance redressal officers;</p> <p>d) Information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism.</p> <p>e) 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 provided.</p> <p>f) total price of any goods or service 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</p> <p>B. There are arrangements for registering consumer complaints online or otherwise. (Provide link to online consumer complaint registration mechanism or attach scanned copy of the form for complaint registration)</p> <p>C. Complaints received are acknowledged within 48 hours and grievances are resolved within 30 days of date of receipt of acknowledgment of such complaints. (Details to be provided.)</p>	<p>Yes/No</p> <p>Yes/No</p>
15	Notes/Remarks, if any.	

Note: The Direct Selling Entity should furnish all the necessary documents mentioned in this schedule shall be in full and merely providing acknowledgement slip would not amount to adhering of guidelines.