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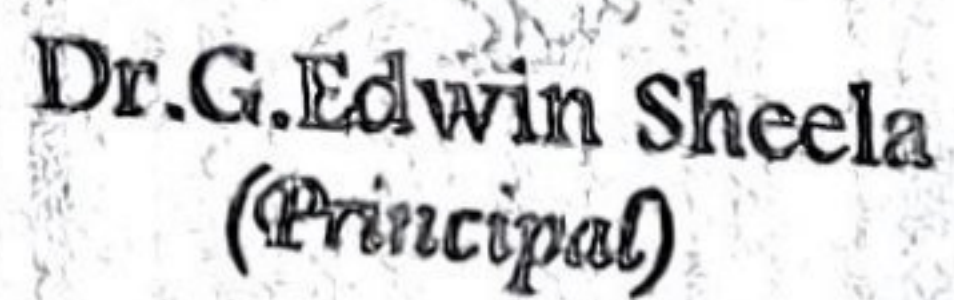
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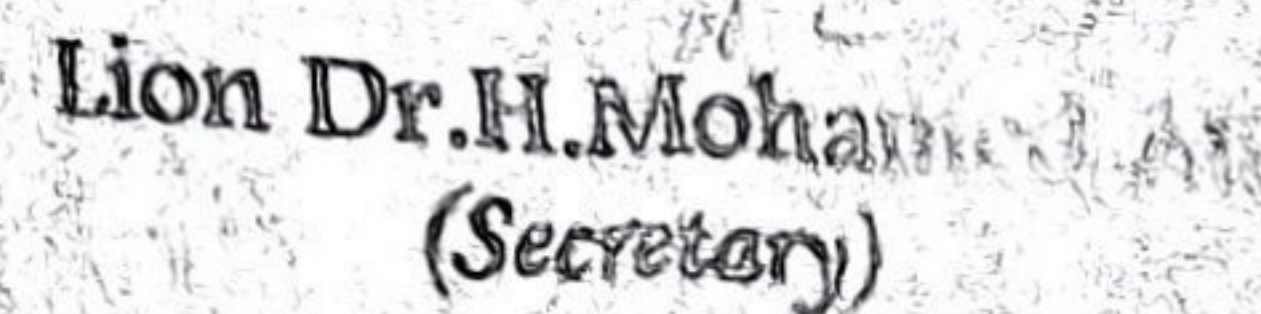
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PROCEEDINGS OF  
INTERNATIONAL CONFERENCE ON

# Innovative Strategy and Policy in Business, Economics and Social Science

Edited by  
Lt. Dr. M. Jagathish  
Dr. H. Sabeena Farveen

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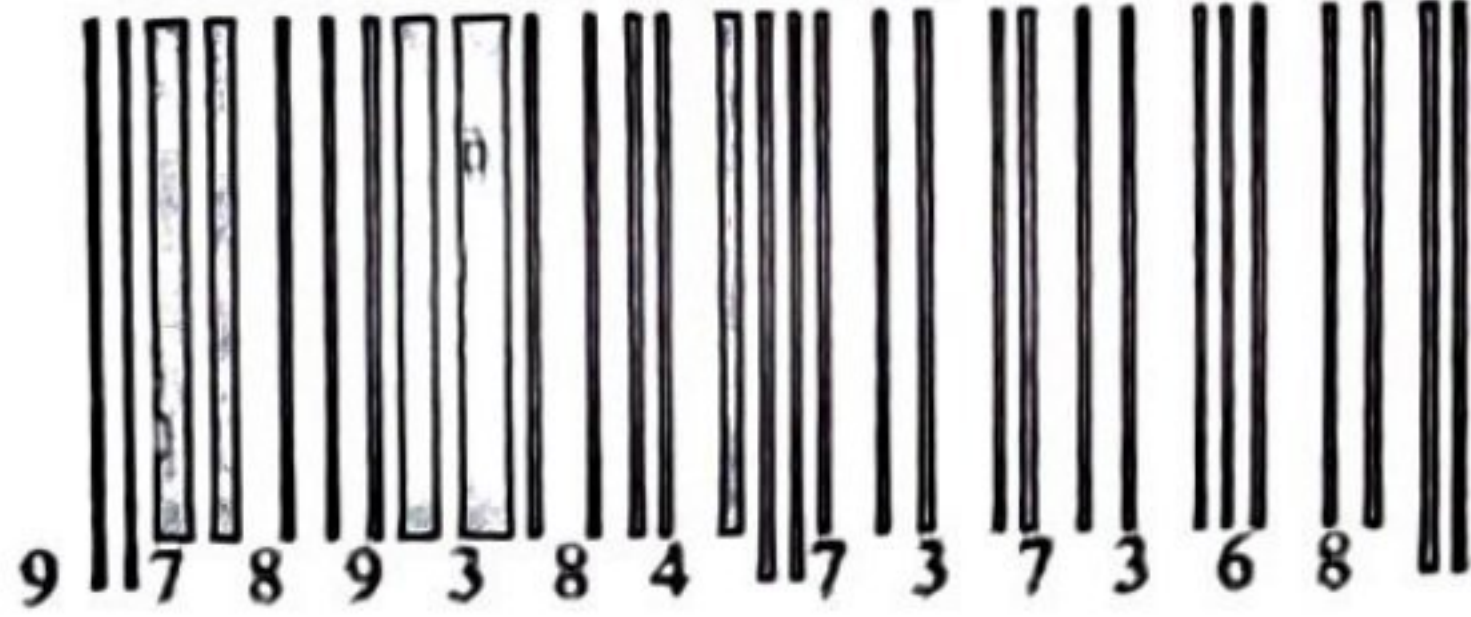
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## THE ROLE OF MULTI-LEVEL MARKETING IN UNEMPLOYMENT REDUCTION IN INDIA

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**Abstract** Unemployment among India's youth has wrecked a generation of young people. According to the International Labor Organization (ILO), millions of 15- to 24-year-olds are looking for work. This study looked at the effect of multilevel marketing in reducing unemployment and poverty in India, with a focus on Kerala. The research was conducted with a current MLM business owner. The findings revealed that multilevel marketing and job creation, on the one hand, and multilevel marketing and revenue production, on the other, had a significant positive association. The majority of multilevel marketing distributors have difficulties in recruiting new downlines, as well as high product costs. Exploitation and inventory piling, on the other hand, were rare. The study suggests that the government give incentives to MLM firms to set up manufacturing operations in the nation to assist local economies and reduce unemployment, among other things. MLM businesses should provide business packages specifically for the impoverished.

**Keywords:** Entrepreneurship, multi-level marketing, poverty, unemployment

### Introduction

India is facing big national issue is unemployment. India is a very young and vibrant employee community compared to other nations. Keeping in mind the current scenario of the Indian economy and the state of employment across the country, the "Skill India" campaign has hit the right strings. The Industries too have realized the importance of having a skilled workforce and hence there have been conscious efforts on their part to value add to the skills of their resources. "Make in India" is another initiative which has given impetus to all Indian origin manufacturers to invest more across various domains and has generated many employment opportunities for the people. Direct Selling Over the last two decades, this industry has made it way to every corner and strata of the country and it is getting popular with every passing day. In 2014-15, the Industry generated close to 40 lakh self-employment opportunities in the country and expect the number to grow in the coming days. At a time when businesses are not expanding as a fast pace, the employment generation in the country has also taken a hit. In such a scenario direct selling has been one of the few industries that has continued to make steady progress and pushing boundaries towards overall growth. Direct Selling Industry has been instrumental in shaping up careers of millions of Indians, especially the unskilled ones, who could not find a place in the mainstream. This industry transforms a common man into a leader, who later on mentors thousands of people like him, helping them to be a part of the mainstream. The successful Direct Sellers are now helping other people to set up their businesses. Clearly, it is a people's business, where one helps the other; resulting in building the nation.

### Statement of the Problem

Unemployment still remains one of the biggest concerns for the Government. it will need a combined effort of government and industries to improve the unemployment ratio, which took over a period of time," believes Secretary-General, Indian Direct Selling Association. Direct Selling embraces everyone with open arms." They do their MLM as a money chain model business strategy. In this situation, MLM faced so many rammers and illegal arguments. MLM provides huge employment opportunities in the present scenario. This is an excellent concept for establishing people's careers. However, many individuals are unaware of this approach. In such circumstances, I chose the last six annual reports of the Indian Direct Selling Association (IDSA) to have a better grasp of the MLM industry in India. So this study is conducted to summarize the importance of innovative practices in multi-level marketing.

### Objectives of the Study

- 1) To study the role of MLM in unemployment reduction
- 2) To study the importance of MLM for employment opportunity generation.

### Review of Related Literature

**Olha Matviiets & Viktoriia Kipen (2021)** outline ways to define the "direct marketing" concept. Its essence has been demonstrated that direct marketing tools, as a component of internal marketing, are the most effective means of influencing modern consumer behaviour and adapting marketing activities to market conditions and that their implementation will contribute to the achievement of the enterprise's corporate goal and mission with minimal time and resources. It is appropriate for modern businesses to use direct marketing strategies in their operations. The difficulties of implementing direct marketing through the use of interactive technology are examined. The key benefits of utilizing Integrated Marketing Communications in the development of direct marketing strategies are discussed.

**Njita Nyancho Fabrice (2019)** this study assessed the role of multilevel marketing in unemployment reduction and poverty alleviation in Cameroon, using PM-International as a case study. A face to face interview was carried out with an active entrepreneur at PM-International. The result of the hypotheses tested showed that there is a strong positive relationship between multilevel marketing and job creation on the one hand, and multilevel marketing and income generation on the other. Most multilevel marketing distributors were found to be confronted with the challenges of recruiting new down lines, and the high cost of products. However, cases of exploitation and inventory loading were minimal.

### Research Methodology

The Indian direct selling association (IDSA) the annual report officially published used (secondary data) to evaluate the objective of this study. I collected only 6 annual report data from 2013-14 to 2020-21 through my studies. The data collected for the study is only secondary. The secondary data was also collected in the various annual report of IDSA, journals, books, and websites.

### Unemployment and Mlm in India

The main attraction of working in this industry is the option of flexible hours people work at their own leisure and time, without being bound to strict timelines. Many working people join Direct Selling as a supplementary earning opportunity. Direct Selling is a booming industry, a boon for an economy and employment generation towards better future. It boosts confidence of individuals and therefore leading the industry as well as the workforce involved, to a higher growth trajectory. It is an attractive option, allowing people to manage their own business with minimal outlay as well as generate an income. The need of the hour is to give boost to an Industry like Direct Selling that has a socio-economic impact to the lives of many. Not only it generates employment, as a result, the Industry also empowers its workforce with skill, knowledge, power to express, improving interpersonal skills and above all, lead a life of a 'leader, inspiring other to replicate their success. Every month, a million Indians become age-eligible to join the workforce, but the growth in jobs has not kept pace with the rising number of aspirants. Employment creation will be one of our greatest challenges for the next decade. In the next two decades, the world is likely to have too many workers without the skills to land full-time employment. In both developing and advanced economies, policy makers will need to find ways not only to produce high-skilled workers but also to create more jobs for those who aren't as highly educated. Solutions include moving up the value chain in developing economies (food processing creates more employment than growing export crops, for example) and finding opportunities for workers without a college education to participate in fast-growing. In light of the current situation, how can we create these many jobs? The one possible solution to this grave problem is promoting entrepreneurship. Entrepreneurs hold the key to the growth of a nation's economic development and growth. The direct selling industry provides a potential solution by promoting entrepreneurship and self-empowerment.

Following is the table showing the unemployment rate of India for a few years

YEAR	UNEMPLOYMENT RATE
2015	5.560
2016	5.510
2017	5.410
2018	5.330
2019	5.270
2020	7.110
2021	7.970

Direct selling offers the unemployed the opportunity to earn an income and allows the underemployed to supplement part-time employment. Direct selling also provides personal development such as improved self-esteem, interpersonal skills and career development in terms of business, entrepreneurial skills and selling experience. At the heart of direct selling is the ability to offer people the chance to feel empowered, to take control of their lives and to value. This fuels entrepreneurship, self-employment, and micro-enterprises. Research shows that such ventures strengthen a country's economy. According to a report by KPMG and FICCI published earlier this year, the direct selling industry in India has the potential to grow almost nine times to touch Rs 64,500 crore by 2025 and is likely to provide self-employment to around 1.45 million people. The report said the direct selling industry has been recording double-digit growth of over 16 per cent over the past four years. The direct selling industry is putting a dent in the unemployment cycle for numerous professionals. In fact, direct selling companies are some of the only organizations that offer significant, substantial training to the people who need it most—those who are currently unemployed—for little to no cost. Companies in the direct selling industry provide invaluable training skills. Not only do people learn financial principles, which they can use to build their business, the training they receive helps them with their personal growth that is also transferable to other careers they may have in the future. While direct selling is a relatively new industry in India at less than 20 years, it has provided a livelihood to over 4 million Indian households and has generated approximately Rs.7500 crores in revenue. Taxes to the exchequer on account of the direct selling industry are in excess of Rs 600 crores. Last year an Inter-Ministerial Committee was set up under the aegis of the Ministry of Consumer Affairs to understand and formulate the requisite legislation governing the Direct Selling Industry. Among other things, the committee is considering the enactment of legislation to regulate direct selling/Multi-Level marketing companies; formulate guidelines for such companies, and promote and to some extent adopt international best practices to protect consumers. We hope that with time and with the above measures, the direct selling sector in the country will only flourish and add to the economic growth of the country.

**Multi-Level Marketing (Mlm): Growth In India**

The growth of MLM in India shows the following data published by IDSA in a possible manner and their credible data. Number of direct sellers in India, gender base classification for few years, discussed in the following table

**Table 2**

**No of Direct sellers and gender classification**

Year	No of Direct sellers	Male sellers	%	Female sellers	%
2015	400,000	230,400	57.6	169,600	42.4
2016	510,000	260,100	53.0	249,900	47.0
2017	540,000	275,400	51.0	264,600	49.0
2018	570,000	285,000	50.0	285,000	50.0
2019	627,000	312,873	49.9	314,127	50.1
2020	800,000	384,800	48.1	407,200	51.9
2021	905,000	434,400	48.0	470,600	52.0

Source: IDSA Annual Report

The data and table shows that the number of direct sellers, in India, registered distributors and business owners for the period 2015 to 2021. The gender base evaluation shows that females are more trusted than men in the MLM strategies.

In the year 2015, 4 lack people do their strategies with MLM but in the year 2021, 9 lack above people trusted in MLM

The following chart shows the actual position of MLM businesses doing numbers at a good manner

Following is the table shows the actual growth of MLM business in the past years, the data available in the IDSA annual report as evaluated on the help of a table

**Table 3 Table of gross sales**

Financial year	Gross sale (In millions)
	79583
2014-15	83085
2015-16	103242
2016-17	116700
2017-18	130800
2018-19	143700
2019-20	150930
2020-21	

Source: IDSA Annual Reports

The data available in the annual report of the Indian direct seller association possibly shows the growing impact of the MLM in Indian marketing. The association expected 64,500 crore gross sales and 1.45 million employment opportunism in 2025 in India.

The chart shows the growing impact of the MLM business in India in recent years. The chart shows the positive flow of direction in different years.

In the year 2014-15, the MLM business acquired 79,583 million in gross sales. That compared to 2015-16, that will show an increase of 3502 million Indian rupees

#### Findings

- 1) Multi-level marketing or direct marketing is the fastest-growing strategy in India, providing huge employment opportunities for people. Innovative advancements help to grow rapidly.
- 2) Multi-level marketing is the new future of Indian marketing and employment creation. Every year grows rapidly with the help of information and communication technology.
- 3) As per the IDSA report, they expected 64,500 crore sales and 1.45 million employment opportunities in 2025.

#### Suggestions and conclusion

It should be suggested that more people and industries choose MLM strategies for developing their customer base and sales. MLM includes many money chain activities and money scams. So government should take the necessary step and rules and regulations for avoiding misleading and fraud.

There is evidence to note that MLM strategies are the fastest growing in nature with the help of innovation. Future marketing in India is built upon based of MLM strategies. Many frauds and money scams include the model. But government regulation and time to time monitoring are helped to detect and prove a good model.

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