

Central Consumer Protection Authority

Room No. 545, Krishi Bhawan, New Delhi - 110001

Case No: CCPA-2/59/2024-CCPA

In the matter of: Case against Wolte Marketing Pvt. Ltd. (Direct Selling Entity) regarding alleged violation of Consumer Protection (Direct Selling) Rules, 2021.

CORAM:

Smt. Nidhi Khare, Chief Commissioner

Shri. Anupam Mishra, Commissioner

Appearance on behalf of Wolte Marketing Pvt. Ltd.:

Shri Amit Srivastava (Director)

Date: 18.07.2025

ORDER

1. This is a case taken up by the Central Consumer Protection Authority (hereinafter referred to as 'CCPA') suo moto against Wolte Marketing Pvt. Ltd. (hereinafter referred as opposite party) regarding alleged non-adherence to Rule 4 and 5 of the Consumer Protection (Direct Selling) Rules, 2021.
2. The opposite party had allegedly failed to adhere to Rule 4 and 5 of the Consumer Protection (Direct Selling) Rules, 2021 by:
 - i. Omitting to disclose/publish essential information on their website.
 - ii. Not updating their websites with required documents and declarations.
3. Accordingly, in the exercise of the powers under Sections 18 and 19 of the Consumer Protection Act, 2019 (hereinafter referred to as Act), CCPA conducted a

preliminary inquiry to examine whether the opposite party was in violation of the Consumer Protection (Direct Selling) Rules, 2021. As per the preliminary inquiry, it was found that the opposite party:

- i. Does not maintain a register of direct sellers as provided by Rule 4 on its website.
- ii. The company does not provide the contact information with the mobile number of the grievance redressal officer and its management.
- iii. Does not furnish proper product information as per Rule 5 sub-rule (d) on its website.
- iv. All the information provided by the entity on its website is not duly certified by the Company Secretary.
- v. Information regarding available payment methods have not been stated clearly.
- vi. Further, Rule 5(16) requires the entity to maintain a record of relevant information allowing for the identification of all the direct sellers who have been delisted by the direct selling entity. The same has not been provided on its website.

4. Thereafter, the CCPA issued a show cause notice dated 18th June 2024 to the opposite party for alleged violation of Rule 4 and 5 of the Consumer Protection (Direct Selling) Rules, 2021. CCPA directed the opposite party to substantiate a response within 15 days of receipt of the above-mentioned show cause notice.

5. In response to the Notice, a reply dated 25th June 2024 was received wherein the opposite party made the following submission:-

- i. the entity is committed towards the adherence of the Consumer Protection (Direct Selling) Rules, 2021.
- ii. The entity had updated all the documents manually but missed to update/upload the documents on the website which was cited as a human mistake and not deliberate concealment of information.
- iii. The entity has updated all the documents required under the on its website after the issuance of the SCN.

6. The response of the opposite party was examined. CCPA observed that the response of the opposite party needs further examination.

7. As per sub-section (1) of Section 19 of the Act, "The Central Authority may, after receiving any information or complaint or directions from the Central Government or of its own motion, conduct or cause to be conducted a preliminary inquiry 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, by any person, which is prejudicial to the public interest or to the interests of consumers and if it is satisfied that there exists a prima facie case, it shall cause investigation to be made by the Director General or by the District Collector". The matter was referred to DG investigation by CCPA's order dated August 9, 2024 for detailed investigation.

8. The Director General (Investigation) in its investigation report dated 19.12.2024 submitted the following:

- i. The opposite party was asked by Director General (Investigation) to submit relevant documents via e-mail dated 22.11.2024 & however no response was received. Therefore, after careful examination of the documents & information available it has been observed that:
 - a. As per Rule 4(h) of Consumer Protection (Direct Selling) Rules, 2021, a direct selling entity is bound to maintain the register of direct sellers its website in compliance with direct selling rules. In this case the entity has failed to disclose the register of direct sellers which is a clear violation of the above mentioned rule.
 - b. The entity has failed to display the list of those sellers that have been delisted by the entity which is in violation of the Rule 5(16) which states that every direct selling entity shall maintain a record of relevant information allowing for the identification of all direct sellers who have been delisted by the direct selling entity and such list shall be publicly shared on the website.
 - c. The entity has not provided any information with respect to the grievance redressal officer and its management. Every direct selling entity shall establish an adequate grievance redressal mechanism having regard to the number of grievances ordinarily received by such entity from India and shall appoint a grievance officer for consumer grievance redressal, and shall display the current and updated name, contact details including telephone number, and designation of such officer on its website.

- d. While displaying the product to be sold, it is mandatory to furnish the accurate and complete information of the product along with details of seller to enable the potential buyers to make informed decision as per their need which has not been done in the present case as the entity has not provided the complete information or any information at all in many of its products. It is worth mentioning here that the entity sells various health supplements as well without mentioning complete information such as ingredients and instruction to use such products.
 - e. As per Rule 4 of Consumer Protection (Direct Selling) Rules, 2021, certain documents such as certificate of incorporation, MoA and AoA, PAN, TAN, GST returns, ITR, Balance sheet, Audit Report, Register of direct sellers, Certificate of registration of trademark, FSSAI License, Certificate of Importer-Exporter code (if applicable), License under Drugs and Cosmetics Act must be maintained by the entity in their updated form duly signed by the Company Secretary. In the present case the entity has failed to do the same.
 - ii. Thereby, the Director General (Investigation) concluded that the opposite party has evidently not followed the required norms therefore it appears to be in potential violation of Rule-4(h), 5(c), 5(d), 5(g), Rule- 5(16) of the Consumer Protection (Direct Selling) Rules, 2021 & Rule 4 sub-rule(4), Rule 5 sub-rule (2), 3(a), 3(d), Rule 6 sub- rule 4(b), sub-rule 5(d), 5(e) of Consumer Protection (E-Commerce) Rules, 2020.
9. The report for the Director General (Investigation) was shared with the opposite party via email dated 20th December, 2024, for their comments within 15 days. The opposite party submitted its written response on 03.01.2025 stating that they have:
- a. updated its website to include accurate product information and seller details as per the investigation report's instructions.
 - b. An operational grievance redressal mechanism on the website.
 - c. Uploaded all the documents such as the MOA, AOA, Certificate of Incorporation, GST Certificate, Director List, MSME Registration, PAN Card, Trademark Acknowledgement, Balance Sheet, and Auditor's Reports. Financial documents are certified by the CA, and the opposite party is willing to ensure CS certification, if required.

d. published the direct seller register, including ID, name, city, and state for verification. Contact details and addresses are withheld due to privacy policies.

10. The opposite party vide letter dated 03.01.2025, was provided an opportunity for a hearing as per section 21(8) of the Act on 06.01.2025, through video conferencing mode to further substantiate their response in the above-stated matter. However, the hearing had to be postponed. Another opportunity of hearing as per section 21(8) of the Act was provided on 15.01.2025.

11. The hearing was held on 15th January, 2025. Mr. Amit Srivastava, Director, Wolte Marketing Private Limited, appeared through video conferencing during the hearing on behalf of the opposite party. During the hearing, the opposite party made the following submissions:

- i. The company has duly updated all the required documents on its website.
- ii. The business initially faced challenges in growth, resulting in only 181 direct sellers completing their KYC document updates. Other direct sellers registered with the company are not permitted to engage in direct selling until their KYC is fully updated.
- iii. There are no direct sellers who have been delisted by the company.
- iv. The company's business plan has undergone recent changes, and the updated plan has been made available on the company's website.
- v. The company holds an AYUSH License for all its products. These products are manufactured by its sister company, M/s Being Arogyam Herbals Private Limited, and the company sells products manufactured by M/s Being Arogyam Herbals Private Limited.

12. Further, during the hearing, it was observed that:

- i. Every direct selling entity is required to provide correct and complete information at the pre-purchase stage to enable consumers to make informed purchase decisions. This is in addition to the mandatory declarations stipulated under the Legal Metrology (Packaged Commodities) Rules, 2011. While the product is manufactured by a third

party, the opposite party is obligated to display clear and accurate product information on its website. However, this obligation has not been fulfilled by the opposite party.

- ii. Every direct selling entity must ensure that all information provided on its website is duly certified by a Company Secretary. This requirement has not been fully complied with by the opposite party.
- iii. Further, the license and Registration Certificate issued under the Drugs and Cosmetics Act, 1940 (23 of 1940), for the manufacture or sale of drugs, including Ayurvedic, Siddha, Unani, and Homoeopathic medicines, must be uploaded completely and accurately on the direct selling company's website. While the manufacturer license for Ayurvedic medicines issued by the Ministry of AYUSH has been uploaded, it pertains to the opposite party's sister entity rather than the entity in question.

13. During the hearing, CCPA directed the opposite party to update their website with clear and accurate product information and other mandatory disclosures under the Consumer Protection (Direct Selling) Rules, 2021 within 30 days. The opposite party was also directed to furnish the mandatory certified statement from the Company Secretary, confirming the accuracy and authenticity of all information provided on the company's website. Further, another opportunity of hearing was afforded on 20th February, 2025.

14. Another opportunity for hearing under section 21(8) of the Act was provided to the opposite party on 20th February, 2025 at 4:00 PM. However, the hearing had to be rescheduled to 13th March, 2025.

15. Another hearing under Section 21(8) of the Consumer Protection Act, 2019 was conducted on 13th March, 2025 at 04:30 PM. Mr. Amit Srivastava, Director, Wolte Marketing Private Limited, appeared during the hearing on behalf of the opposite party. During the proceedings, the opposite party clarified that there are two categories of products sold by them—first, Ayurvedic products, and second, products falling under the FSSAI category. It was submitted that all Ayurvedic products are manufactured after obtaining requisite approvals from the Ayurveda Department and carry the corresponding license number on the product labels. Similarly, products in the FSSAI category display the relevant FSSAI license number. The company's website was

opened through screen-sharing mode for evaluation, and it was demonstrated that the license number for each product can be accessed by zooming into the product images available on the website. The Central Authority directed the party to mention the information given on the product packaging like list of ingredients, license number, etc. on the description provided in the website as well to ensure that the consumer is easily able to access it.

16. The opposite party asserted that the company's website has been updated with all mandatory documents in compliance with the Consumer Protection (Direct Selling) Rules, 2021. It was further submitted that, as on the date of hearing, there are 199 registered direct sellers associated with the company, and the register of direct sellers has been uploaded on the website and is updated daily as new sellers are added. When queried about the validity period of the license for Ayurvedic products, the opposite party clarified that while the license was earlier valid for five years, it is now valid for a lifetime.

17. The opposite party also submitted that under their business model, product purchases begin with registration as a direct seller, and sales are made by these direct sellers to other consumers. They found that the direct selling model incurred the lowest fixed costs with minimal expenditure and was thus adopted as a sustainable alternative.

18. Additionally, the opposite party stated that their income tax filings and returns are up to date, and the company's balance sheet and related documents are maintained and updated regularly on the website. It was also submitted that the company has an adequate grievance redressal mechanism in place, along with a 15-day return policy and provisions for refund, ensuring compliance with applicable rules.

19. It may be mentioned that Rule 4 of the Consumer Protection (Direct Selling) Rules, 2021 provides for the mandatory maintenance of records and states that:

4. Mandatory maintenance of records.— Every direct selling entity shall maintain at its registered office, either manually or electronically, all such documents as are required under any law for the time being in force, including the following documents or records, as may be applicable, namely:—

(a) Certificate of Incorporation;

- (b) Memorandum of Association and Articles of Association;*
- (c) Permanent Account Number and Tax Deduction and Collection Account Number;*
- (d) Goods and Services Tax registration; (e) Goods and Services Tax Returns;*
- (f) Income Tax Returns;*
- (g) Balance Sheet, Audit Report and such other relevant reports;*
- (h) Register of direct sellers;*
- (i) Certificate of Importer-Exporter code (in case of imported goods)*
- (j) 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;*
- (k) 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;*
- (l) Certificate of Registration of Trademark.*

Further, Rule 5 of the Consumer Protection (Direct Selling) Rules, 2021 provides for the obligation of the direct selling entities and states that:

5. Obligations of direct selling entity.— (1) Every direct selling entity shall—

- (c) make self-declaration to the effect that it has complied with the provisions of these rules and is not involved in any Pyramid Scheme or money circulation scheme;*
- (d) maintain proper and updated website with all relevant details of that entity, including the documents or records specified in rule 4, the self-declaration specified in clause (c), contact information which is current and updated, details of its nodal officer, grievance redressal officer, its management, products, product information, price and grievance redressal mechanism for consumers;*
- (g) get all information provided by it on its website duly certified by a Company Secretary.*

(2) Every direct selling entity shall provide the following information on its website in a clear and accessible manner, which shall be displayed prominently to its users, namely:—

- (a) registered name of the direct selling entity;*

- (b) registered address of the direct selling entity and of its branches;*
- (c) contact details, including e-mail address, fax, land line and mobile numbers of its customer care and grievance redressal officers;*
- (d) a ticket number for each complaint lodged through which the complainant can track the status of the complaint;*
- (e) information relating to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism and such other information which may be required by the consumers to make informed decisions;*
- (f) 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 provider;*
- (g) 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;*
- (h) provide correct and complete information at pre-purchase stage to enable buyers to make informed purchase decisions, and such information shall, in addition to the mandatory declarations to be provided under the Legal Metrology (Packaged Commodities) Rules, 2011, contain the following information, namely:—*
 - (i) the name of purchaser and seller;*
 - (ii) description of goods or services;*
 - (iii) quantity of goods or services;*
 - (iv) the estimated delivery date of goods or services;*
 - (v) the process of refund;*
 - (vi) warranty of the goods;*
 - (vii) exchange or replacement of goods in case of it being defective;*
 - (viii) all contractual information required to be disclosed by or under any law for the time being in force.*

(3) No direct selling entity shall adopt any unfair trade practice in the course of its business or otherwise, and shall abide by the requirements specified in any law for the time being in force.

(6) Every direct selling entity shall, having regard to the number of grievances ordinarily received by such entity from persons in India, establish an adequate grievance redressal mechanism and appoint one or more grievance redressal officers for redressal of consumers' grievances and display the current and updated name, contact details including telephone number, email address and designation of such officer on its website, and the details of its website shall also be prominently printed on the product information sheet or pamphlet.

(16) Every direct selling entity shall maintain a record of relevant information allowing for the identification of all direct sellers who have been delisted by the direct selling entity and such list shall be publicly shared on its website.

(17) Every direct selling entity shall become a partner in the convergence process of the National Consumer Helpline of the Central Government.

20. From a bare reading of the above provisions of the Rules, it is clear that every direct selling entity has certain mandatory obligations in order to ensure that it is in complete compliance of the law and the interests of consumers is protected against any unfair trade practice. Every direct selling entity should maintain the above-mentioned documents and information on their company website in a clear and accessible manner. The direct selling entities shall:

- i. Maintain all the documents and records enlisted in Rule 4 of the Consumer Protection (Direct Selling) Rules, 2021 properly on their website and update the same from time to time.
- ii. Get all such information to be provided on the website, verified by the Company Secretary.
- iii. Information enlisted in Rule 5(2) of the Consumer Protection (Direct Selling) Rules, 2021 should be prominently displayed on the website in a clear and accessible manner.
- iv. Entities must declare compliance with rules and confirm they are not involved in pyramid or money circulation schemes.

- v. Maintain adequate redressal mechanisms with designated nodal officer and grievance redressal, and provide clear information regarding active and delisted direct sellers on their website.

21. It may also be mentioned that Rule 4 of The Consumer Protection (E-Commerce) Rules, 2020 provides for duties of e-commerce entities and states that:

4. Duties of e-commerce entities. ---

(4) Every e-commerce entity shall establish an adequate grievance redressal mechanism having regard to the number of grievances ordinarily received by such entity from India, and shall appoint a grievance officer for consumer grievance redressal, and shall display the name, contact details, and designation of such officer on its platform.

5. Liabilities of marketplace e-commerce entities. --

(2) Every marketplace e-commerce entity shall require sellers through an undertaking to ensure that descriptions, images, and other content pertaining to goods or services on their platform is accurate and corresponds directly with the appearance, nature, quality, purpose and other general features of such good or service.

(3) Every marketplace e-commerce entity shall provide the following information in a clear and accessible manner, displayed prominently to its users at the appropriate place on its platform:

(a) details about the sellers offering goods and services, including the name of their business, whether registered or not, their geographic address, customer care number, any rating or other aggregated feedback about such seller, and any other information necessary for enabling consumers to make informed decisions at the pre-purchase stage:

Provided that a marketplace e-commerce entity shall, on a request in writing made by a consumer after the purchase of any goods or services on its platform by such consumer, provide him with information regarding the seller from which such consumer has made such purchase, including the principal geographic address of its headquarters and all branches, name and details of its website, its email address and

any other information necessary for communication with the seller for effective dispute resolution;

(b) a ticket number for each complaint lodged through which the consumer can track the status of the complaint;

6. Duties of sellers on marketplace. –

(4) Any seller offering goods or services through a marketplace e-commerce entity shall:

(b) appoint a grievance officer for consumer grievance redressal and ensure that the grievance officer acknowledges the receipt of any consumer complaint within forty-eight hours and redresses the complaint within one month from the date of receipt of the complaint;

(5) Any seller offering goods or services through a marketplace e-commerce entity shall provide the following information to the e-commerce entity to be displayed on its platform or website:

(d) all relevant details about the goods and services offered for sale by the seller including country of origin which are necessary for enabling the consumer to make an informed decision at the prepurchase stage;

(e) the name and contact numbers, and designation of the grievance officer for consumer grievance redressal or for reporting any other matter;

22. From a bare reading of the above provisions of the Rules, it is clear that every direct selling entity which is an e-commerce entity or a marketplace e-commerce entity shall comply with the duties and liabilities prescribed under the Consumer Protection (E-Commerce) Rules, 2020. This includes establishing an adequate grievance redressal mechanism, appointing a grievance officer whose name, contact details, and designation shall be displayed on its platform, and ensuring that all sellers affiliated with the platform provide accurate descriptions and relevant details of goods or services, including the country of origin. Such entities must also require their sellers to appoint grievance officers, acknowledge consumer complaints within forty-eight hours, and resolve them within one month. Further, they shall ensure that seller information—

such as business name, registration status, address, contact details, and feedback- is prominently disclosed to enable informed consumer decisions, along with the provision of a trackable ticket number for each complaint.

23. It needs to be noted that the opposite party updated all requisite documents, including mandatory compliances under the Consumer Protection (Direct Selling) Rules, 2021, as well as the list of active and delisted direct sellers, after the issuance of the show cause notice and in compliance with the order passed by the Central Authority.

24. The CCPA has carefully considered the written submissions as well as submissions made by the opposite party during the hearings and investigation reports submitted by the Director General (Investigation) and hereby issues the following direction to the opposite party under Section 21 read with Section 20 of the Consumer Protection Act, 2019:

- a) To mention the information given on the product packaging like list of ingredients, license number, etc. on the description provided in the website as well to ensure that the consumer is easily able to access it.
- b) To always be in compliance of the Consumer Protection (Direct Selling) Rules, 2021 and the Consumer Protection Act, 2019 and update the register of active direct sellers and delisted direct sellers regularly.
- c) To always, maintain a proper and updated website of the company where all the mandatory documents and relevant information is prominently displayed and readily available to the consumers.
- d) To have an adequate grievance redressal mechanism
- e) In light of the foregoing observations, including the fact that compliance with the mandatory requirements under the Consumer Protection (Direct Selling) Rules, 2021, was undertaken by the opposite party only after the issuance of the show cause notice and pursuant to the directions of the Central Authority, and in exercise of the powers conferred under Section 21(2) of the Consumer Protection Act, 2019, the Central Authority, having regard to the facts and circumstances of the case and the factors enumerated under Section 21(7) of the Act, hereby imposes a penalty of ₹2,00,000 on the

opposite party for publishing a false and misleading advertisement that adversely impacted consumers as a class.

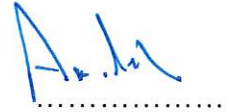
- f) The opposite party shall submit the amount of penalty and a compliance report to CCPA on the above directions within 15 days from the date of this Order.

The above order and directions are passed in exercise of the powers conferred upon CCPA under section 10, 20, 21 of the Consumer Protection Act 2019.



Nidhi Khare

Chief Commissioner



Anupam Mishra

Commissioner