



ALL INDIA CONSUMER PRODUCTS DISTRIBUTORS FEDERATION

FMCG & TELECOM TRADE

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Open Letter to ALL FMCG Companies

To

Date 4/12/21

Respected sir

This is reference to our previous communication sent to your company regarding the issues faced by the distributor fraternity by the eB2B companies unethical predatory policies. We refer to few eB2B companies like Jiomart, Walmart, Metro Cash n Carry, Booker, elasticrun, udaan etc.

We would also like to refer Reuters article "Princes to paupers: India's salesmen face ruin as Ambani targets mom-and-pop stores" By Abhirup Roy and Aditya Kalra. Where research done by them clearly shows the unethical and predatory pricing offered by JioMart to the retailers which are much lower than the landing price of the distributor. We At AICPDF strongly oppose such business conduct done by these companies and are surprised to see the companies are conveniently ignoring the fact and are being a party to all that is happening.

Today entire distributor's fraternity is in danger due to a handful of capitalists, talabanic tendency as some B2B companies have come down to destroy this business. Due to this the big capitalist eB2B companies by way of flaunting law and using all unethical and predatory tactics to establish monopoly and destroy age old distribution network business which has been established by the companies and the demanding nature of the company has lead to huge infrastructure and financial investments, attracting financial institutions to be a part & parcel of the above investments which is speculated to be in danger too.

At AICPDF Executive councils meeting held on 24 Nov unanimously decided to take unanimous stand for our members as Our federation is committed to assure stability to our members and protect their interest by mediating to co-ordinate with the company and resolve the issues amicably. As a last resort we assure to initiate every step in this conflict to safeguard their business which hopefully will not reach to that extend.

We demand urgent attention and insist on rapid resolution on the concerns raised :

CHARTER OF DEMANDS

- 1) Treating all its customers as ONE single entity- No super stockiest, rural stockiest, M.T. Stockiest, Jiomart, Walmart, Metro Cash n Carry, Booker, elasticrun, udaan etc. Similar T.O.T for all no preferential treatment to anyone single enterprise Irrespective of its volume.
- 2) We are the authorized channel partners of our company in our designated area. We have earned reputation and goodwill amongst our retailers by giving them good service for many years. We understand that Jiomart /B2B companies are offering them the same products of your company at a lesser price than what is offer to authorized distributors' and this is adversely affecting our reputation and goodwill. Hence our demand is that we also receive those products at prices at which we also can offer the same prices as Jiomart/B2B companies .
- 3) All India One pricing and schemes – This will eliminate cross border flow of goods owing to differential pricing and schemes.
- 4) All schemes should be on primary basis
- 5) All secondary schemes should be FCN and in ERP also it should be similarly defined as Post tax and not Pretax which it is at present. This will release our capital blocked in Input tax.
- 7) Margins offered should be reworked so as to take into account all incremental costs or linked to WPI index.
- 8) For taking back stocks from the market on account of Damage, Expiry, launch failure, etc. margin equivalent to our base margin should be given.
- 9) New fresh agreements should be worked out for which a draft committee should be formed with representatives from all concerned.
- 10) Regulatory body with representatives from all concerned stakeholders in each state should be formed.
- 11) Every Company should appoint an independent ombudsman to look into the complains from the entire trade channel consisting of C/F, Distributors, and dealers.



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The meeting have further unanimously decided to Plan of action to safeguard our business interests against Jiomart, Walmart, Metro Car n Carry, Booker, elasticrun, udaan etc companies .We have decided to call "Non cooperation" movement against all FMCG companies from 1st Of Jan 2022

- 1) Demand for a Level playing field
we are authorized channel partners of your company in our designated area. We have earned reputation and goodwill amongst our retailers by giving them good service for many years. We understand that Jiomart and other B2B companies are offering them the same products of your company at a lesser price than what we offer them and this is adversely affecting our reputation and goodwill. Hence our demand is that we also receive those products at prices at which we also can offer the same prices as Jiomart/B2B companies.
If company is not able to give us a level playing field then we will drop the products sold by Jiomart / B2B companies from our portfolio.
- 2) No launch of new products (sku's)
We will not launch any new products of the company unless we get an undertaking from the company that the said products will not be available to Jiomart / B2B companies in the future.
- 3) No primary targets As Jiomart / B2B companies are selling the same products which we are selling in the same area we will not be in a position to take primary targets from the company. However we promise that we will maintain the same service levels which we are presently giving to our retailers.
- 4) No picking up expiry/replacements from retailers
As Jiomart/ B2B companies are also selling the same products to our retailers we are not in a position to differentiate which products are sold by us and which are sold by Jiomart/B2B companies, hence we have decided to stop taking expiry products/damaged/replacement products from our retailers.

Before parting with the submissions, so as to eradicate the hardships faced by the dealers of your Company Considering the overall scenario, to address the issues distributors, We urge the company to call a joint meet with your company distributors and the representatives of AICPDF to discussion and sort out the matter amicably so that the healthy rapport between the Company and its dealers could get enriched.

Favorable reflexes are anticipated from your end and an earnest desire to know and ardently believe that the Company responds to the problems faced by its distributors.


Dhairiyashil H Patil
President

The All India Consumer Products Distributors Federation (AICPDF)

The Maharashtra State Consumer Products Distributors Federation (MCPDF)

Senior Vice President

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