



Press Release

08<sup>th</sup> November, 2023

## **More than 15 trade bodies unitedly wage war against corporate sector CAIT calls for a Balanced Supply Chain Policy between manufacturers and traders**

More than 15 national trade bodies have today joined hands together and raised a strong united voice against companies of corporate sector who are conducting their business activities through network of distributors & dealers. The said companies while appointing distributors or dealers always enter into an agreement which is always tilted in favour of Manufacturers. This unhealthy business practice is highly distorting the supply chain and causing huge financial ! Image loss to traders. Now, it is the right time when the supply chain of the Country, which is largest in the world, should be strengthened by introducing necessary reforms.- said Mr Praveen Khandelwal, Secretary General of the Confederation of All India Traders ( CAIT). The meeting has decided to hold a National Traders Conference on 22nd December at New Delhi which will be attended by trade leaders from all States.

At a meeting of national stakeholders held yesterday at New Delhi under the umbrella of Confederation of All India Traders ( CAIT), it was unanimously resolved to launch a national agitation against the Corporate Companies who are conducting their businesses through distribution network and demand the Union Government to introduce a National Supply Chain Policy and a Law of Franchise to streamline the working of distribution channel in a fair way. Notably, there are more than 20 lakh authorised distributors and dealers working for different companies of different sectors connected with more than 4 crore retailers. Rest of about 4.5 crore small businesses are working in other verticals independently.

CAIT National President Shri B.C.Bhartia & Secretary General Shri Praveen Khandelwal said that the Indian supply chain operating from origin of the goods to the last mile consumers across the country engaged in distribution of products but unfortunately the relationship between the manufacturing and Distributors/Dealers is highly plagued and completely tilted in favour of manufacturers with monopolistic attitude of the Manufacturers or OEMs, thereby greatly affecting the interests of small businesses and the vast base of consumers in the Country.

Leaders of Prominent Trade Associations of India namely Federation of Automobile Dealers Association, All India Consumer Products Distributors Federation, All India Mobile Retailers Association, Computer Media Dealers Association, All India Tyre Dealers Association, Retail Footwear Traders Association, Toy Association of India, All India Jewellers & Goldsmith Federation, Consumer Electronics Traders Association, All India Pharmaceuticals Traders Association, All India Foodgrain Merchants Association among and leaders of other retail trade who attended the meeting unequivocally condemned the bias approach of manufacturers and called for a level playing field.

Both leaders added that The current Manufacturer- Distributors/Dealer contracts lack clear indemnity provisions affecting warranty and service to consumers, and, also restrict Dealers in procurement of accessories and consumables from alternative vendors leading to higher prices for consumers etc. Additionally, the lack of clear repurchase and service obligations during an exit of Manufacturer from business causes additional major issues for both Dealers and Consumers.

At times, the principals cancel Distributorship or Dealership without reasonable cause or without giving a show cause notice which is against the canons of Principle of Natural Justice. With this act of the principals, the Dealers suffered immense financial loss because their money invested in business got stuck and even the inventory stocked with them become redundant beside also suffering a huge loss of image and dignity in the market.

As per CAIT research, foreign agreements often have more balanced and comprehensive clauses on termination, indemnification, repurchase obligations and afford more flexibility to the Dealers to offer better services to consumers. These agreements are fairer and more balanced primarily as a consequence of laws and regulations operating in these countries.

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