

CiITA Press Release

CIITA strongly advocates compliance of ND and ethical trade policy

The Confederation of Indian IT Associations after a special meeting of member associations on October 14, 2012 has resolved that the ND and ethical trade policy advocated by CIITA must be complied by National Distributors and CIITA will facilitate NDs in all ways in complying with the ND and ethical trade policy.

CIITA has also directed all member associations that members must refrain from carrying on any transactions with Rashi and Savera Marketing since in the meeting between Rashi / Savera / CIITA on Oct 14, 2012 , a workable solution suited to all parties could not be concluded.

In September 2011 the North Eastern Computer Traders Association (NECTA) had alleged that M/s Rashi Peripherals and their associate company Savera Marketing were indulging in unfair trade practices by sharing partners data with Savera Marketing leading to loss of business and long term customer relationships of partners. Savera Marketing is a TiER II partner with interests in distribution , wholesale and retail business. The Eastern Regional Head (Vice President) of Rashi is also allegedly the promoter of Savera Marketing which has now expanded in several markets. This has compelled partners to believe that related party transactions and instances of data sharing cannot be ruled out in the present and the near future. Subsequently CIITA took up the matter since a section of members from COMPASS also had similar complaints that data sharing and related party transactions were disturbing the eco system.

COMPASS had organised a meeting of the members with officials from RASHI / Savera to articulate the genuine problems faced by partners due to this arrangement between Rashi and Savera.

After 9 months of debates , discussions and brain storming by CIITA members the ND and ethical trade policy was formulated and introduced by CIITA. Before the policy was adapted it was put up in the public domain for comments and feedback from all players in the eco system. The policy is attached with this press release.

Rashi /Savera officials had understood and appreciated the problems faced by the partner community and proposed certain changes to the business arrangements between Rashi and Savera . The proposed changes were not acceptable to CIITA .

CIITA members subsequently decided that they will direct all member associations of CIITA that till the Rashi / Savera related party issue is resolved to comply with the ND and ethical trade policy, members should voluntarily refrain from carrying out any new transactions with Rashi / Savera.

CIITA advocates fair and ethical trade practices . Keeping in mind the high standards of corporate governance required for the healthy growth of the industry CIITA stands by this decision and will take it forward for implementation across the country.

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About CIITA : Confederation of Indian IT Associations (CIITA) is an association of associations which has been formed by IT associations of several states. Please visit www.ciita.in for further information.

Implementation of Ethical Trade practices

CIITA initiates ethical trade policy

Promoting healthy trade practices and creating a level playing field for healthy competition is a key to the survival and growth of the channel community



National Distributors (ND) have been playing a key role in distributing various ICT products in India since long. Over a period of time, they have implemented several policies and procedures in order to facilitate distribution of ICT products across various parts of the country .

In the recent past we have come across several situations, where a ND has directly or indirectly (via associate company or subsidiary) sold to end customers and also shared information of customers with their associate company(ies) , preferred partners who also resell the same products as a channel partner or retailer.

Channel Partners have been extremely concerned with unfair trade practices of sharing confidential information, giving special consideration to selected partners including associate companies not on the consideration of merit but on other grounds and in not being transparent about related party transactions with adequate disclosures.

The Channel community has been one of the key players in getting the ICT penetration across all geographical and economic boundaries of India . Channel companies employ thousands of people in all parts of the country , have made significant contribution by way of tax collections to the exchequer and have played a

significant role in developing the ICT business in India.

In order to promote fair trade and to protect the channel community's interest and long term survival and in implementing best practices, CIITA is coming out with a series of guidelines . This document is a policy outlining the guidelines under which an ND can carry on business in all tiers in direct competition to the channel. The policy has been finalized after a series of debates and deliberations with all stake holders and the draft guidelines were put up in the public domain for feedback from all stake holders. All feedback were assimilated and this policy has now been published for implementation by all member associations of CIITA and other stake holders who support implementation of best practices

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Vision

- CIITA visualises a marketplace in which best practices are implemented such that all players in the ecosystem can coexist and facilitate market growth.

NATIONAL DISTRIBUTOR

- *Definition* : A company which has a pan india presence and distributes products of OEMs on an exclusive or non exclusive basis where the OEM Invoices the ND directly or the ND directly imports goods from the OEM.

CIITA Policy

- ND must ensure confidentiality of information provided by channels. Customer data collected through schemes / service centre should be kept confidential and should not be shared /misused for business gains.
- ND can engage in ICT business in all TIERS in competition to the channel provided they carry on the business under one entity and not indirectly through associate companies or subsidiaries .
- ND should do business ethically without affecting the ecosystem . Any non compliance will be brought to the notice of the OEM / ND for corrective action.
- CIITA will be coming out with several other guidelines for the benefit of the industry and you can come forward with your suggestions .