



Ref. No: 0132/08-21
Date: 9th August 2021

To,

Manu Kumar Jain,
Managing Director,
XIAOMI India,
Bangalore.

Subject: Stop activation-based targets & sellout schemes – In the interest of
Ethical business & National security.

Dear Sir,

Warm Greetings from Team AIMRA!

We at AIMRA (All India Mobile Retailers Association) once again take this opportunity to highlight the importance of ethical business practices from all ends. We as an organisation have been working very committedly over the years creating a healthy business environment, carving a family of successful business entrepreneurs. This COVID-19 era has changed the entire way of business and has led to scarcity of products on one hand and rise in malpractices on the other.

We all are responsible citizens of the country which provides us a healthy and constructive business environment for each one's survival and needs ethically. It becomes imperative for us to work equally for the development and safety of the country's interest. AIMRA as an organization has been keen and clear on the same and strongly believes in ethical ways of business and condemns unethical practices.

In the recent AIMRA national leaders digital meeting with State leaders, it has come to our notice that in entire India a discriminatory unethical phenomenon is being created by a set of brands / distributors and employees which is unjustified to the retail on one side but dangerous to the National security. A scenario wherein a Retailer is only offered products after activation of the same and is given activation targets for the month to qualify for the base target / earn higher slabs. At times, these slabs are unrealistically high to be achieved or circumstantial, impelling a retailer to activate. The reason can be last time price support on activation instead of price drop, completion of unrealistic targets to safeguard the payout or to match the sellout scheme with Online Discount Sales where only mainline partners are under pressure to activate the stocks during very short period in order to match the prices with Online to service their customers whereas the same condition from the same brand does not applies to the Online.

All India Mobile Retailers Association

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The retailer is always under threat to face the police complaint under Sec 420 for fraud (selling used activated phones) or may fall into a bigger problem such as National security threat etc.

A mobile which is activated against the intention of the retailers will / wish to qualify for a base / higher slab with his SIM as per the assigned target may land into wrong hands paving a way to criminal activity and acts against the Nation as recently has been sighted in the cases in Jharkhand, wherein the retail partners under the brand pressure sold the activated handset as new which was later misused in a cybercrime, leading the retailer to Jail. He is behind bars for over 30 days now and has been booked under several sections of law which are non bailable. Similar Cases have been sited from the state of Madhya Pradesh & Haryana where the agencies are investigating, and retailers are behind bars under various sections.

This occurred because of a compulsion practice imposed by the brand to match the price with Online discount sales / to achieve higher slabs on activation, not on purchase and offering fresh stocks, moreover only if one preactivated the stock before selling to the end user which is against the law of the land. We all know how the dynamics of Mobile Industry works and brands cannot deny it nor can put the onus on retailer's head for their market driven policies where the retailer's payouts are linked on activation and not on sales. Therefore, **we strongly urge you to withdraw all activation targets in the interest of retailer's safety and National security.**

In the wake of capturing the market share, being called NO.1 brand and their employees have gone aggressive introducing aggressive schemes for their vested interest on one end, avoiding stocks in shelves to cover their DOA's, zeroing on price drops, minimizing costs without realizing risk to the people in the chain & the society.

It was also highlighted that in some of the locations distributors themselves are supplying preactivated handsets to the retailers, to manage a regular flow of products from the brand citing a similar pressure on them from the brands.

Maximum retailers are ignorant, and they are not aware of the consequences of the activated mobiles sales but due to lucrative sellout schemes designed by the company, retailers are pushed by DB/Employees to do the activation under regular supply of stocks to a particular retailer. The companies are offering short-time sell-out schemes and others are building pressure of activation.

In the wake of ethical business, security of the country and all, we request your good selves to stop the sellout scheme & activation targets and introduce a system which is moral and safer for the channel partners and, like in case of Samsung wherein there is no activation target, but a portal designed to ensure safety of all.

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Hope brand will investigate this and will support the trade-in good spirits and will also see that Distributors and Employees don't activate the stocks under the pressure of allocation, incentive, and threat of job loss.

Thanking you

Warm Regards

Navneet Pathak
National Joint General Secretary,
AIMRA

Copy to:

- National & State AIMRA Teams
- Brand Team