

Policy Guidelines for Reconstitution of Retail Outlet Dealerships

1. Policy guidelines for reconstitution of RO dealerships / LPG distributorships / SKO-LDO dealerships were approved and advised by MOP & NG vide letter ref P- 19011/5/2005-IOC dated 16.10.2008. Thereafter, amendments in the reconstitution policy have been advised by MOP & NG from time to time vide letter references as mentioned below:

Sr No.	Letter reference and date from MOP & NG	Amendment Regarding
1	P-19012/13/2010-IOC dated 03.03.2010	Exemption from Reconstitution Fee
2	P-19011/2/2012-IOC dated 23.03.2012	Transfer of dealership/distributorship by Sole proprietor over 70 yrs of Age to heir(s)
3	P-19011/5/2005-IOC dated 21.06.2013	Transfer of dealership/distributorship by Sole proprietor, irrespective of Age (after serving the dealership for minimum 10 years), within 'Family'
4	P-19011/1/2005-IOC dated 11.09.2014	No restriction of 5 yrs for reconstitution in case of Sole proprietor, if proprietor is above 60 yrs of age or is a widow of defence personnel is withdrawn.
5	P-19011/1/2005-IOC dated 11.09.2014	Transfer of dealership/distributorship by Sole proprietor, irrespective of Age (after serving the dealership for minimum 10 years), in favour of : a) His/her family member (as defined in the selection guidelines); b) Married children of sole proprietor; c) Grandchildren of sole proprietor (in case of death of children of the proprietor); in the above order of preference.

With the implementation of new Retail Outlet Dealership Selection Guidelines on 21.5.2014, the Reconstitution policy for RO dealerships was required to be amended. Accordingly, the Reconstitution guidelines have been revised as under on Industry basis for Retail Outlet dealerships.


The Reconstitution guidelines given below supersede earlier guidelines on reconstitution issued in this regard by OMCs as under:

IOCL : vide Policy Circular No. 140-12/2008 issued vide letter of ref. RO/6002 dtd. 01/12/2008

HPCL: vide Policy Circular of ref. RET:HRW:MKT dtd. 09/12/2008

BPCL: vide Policy Circular of ref. RSHQ.RECON dated 1.12.2008

However, it may be noted that, as the dealer selection guidelines for SKO-LDO dealership remains unchanged as on date hence the above mentioned circulars will remain applicable for reconstitution of SKO-LDO dealership along with necessary amendments made by MOP&NG as mentioned above.



2. RECONSTITUTION AT LETTER OF INTENT (LOI) STAGE:

Guidelines as laid down vide above mentioned policy circulars would be followed for all cases of pending LOI holders selected under the earlier dealer selection guidelines. However for dealer selection done under the new guidelines issued on 21/05/2014 the following would be considered:

No reconstitution will be allowed at LOI stage irrespective of category except under the following conditions:

2.1 ELIGIBILITY

In the event of death or incapacitation due to serious illness/ accident resulting in total and permanent disability (which will disable the LOI holder to work or follow any occupation or profession), reconstitution at LOI stage may be considered subject to eligibility of legal heir as under:

- (i) LOI may be transferred to the legal heir of the deceased/incapacitated LOI holder subject to Legal heir confirming to accept the selection on the terms and conditions of the original LOI.
- (ii) In case of partnership, reconstitution may be allowed with the legal heir of the deceased/incapacitated original partner.
- (iii) The legal heir will have to fulfill multiple dealership norms and other eligibility criteria as applicable for normal Dealer Selection under Open category (and should submit relevant and suitable caste certificate for SC/ST, wherever applicable), prevailing at the time of selection of LOI holder except age and educational qualification.
- (iv) The minimum age requirement for the legal heir will be 18 years. If the legal heir is a minor, the local guardian shall operate the Dealership till the legal heir becomes a major.
- (v) There will not be any minimum educational qualification criteria. However, the candidate should be able to read, write and count.

2.2 PROCESS OF RECONSTITUTION:

- (i) A committee akin to Application Scrutiny Committee (ASC) for new dealership shall assess the eligibility of the legal heir in line with the selection guidelines in vogue at the time of selection of the original LOI holder and the relaxations provided above. If candidate is found meeting the criteria, the committee will put up proposal for approval of the competent authority for issuance of fresh LOI after cancellation of the earlier LOI. The fresh LOI would be issued with all the conditions as mentioned in the earlier LOI including that the legal heir will have to make available the identified land offered by the deceased/incapacitated LOI holder at the time of selection for Retail Outlet, finances required for commissioning and operation of the dealership and submission of bidding amount / fixed fee as applicable on case to case basis.

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- (ii) The request for reconstitution on account of total and permanent disability will be considered based on submission of certificate to this effect from Chief Medical Officer of Govt. Hospital of the district. Alternatively the recommendations of Medical Board recognized by the Govt. can also be considered by the approving authority.
- (iii) On receipt of information regarding death of LOI holder, a letter giving opportunity to legal heirs will be issued by the DRSM/Territory Manager/Regional Manager of IOCL/BPCL/HPCL, as applicable, within 10 days of receipt of such information. Along with this letter, copy of application form for dealership and list / format of other documents and other relevant information to be submitted by the applicant, shall be sent. 30 days time will be given to the legal heirs for submitting the application. In case of formal request for extending the time, the time can be further extended by another 30 days by DRSM/ Territory/Regional Manager.
- (iv) The filled in application received from the legal heir/s should be scrutinized by the Divisional/ Territory/Regional Office and forwarded within 10 days to Retail Head of State/Region /Zonal office of IOCL/BPCL/HPCL as applicable, for further necessary action and approval.
- (v) The transfer of LOI should be done within six months from the date of occurrence of vacancy due to death/ incapacitation.
- (vi) Approving authority for all cases of reconstitution at LOI stage will be concerned Head of State/ Regional/ Zonal office of IOCL/BPCL/HPCL, as applicable.

3. RECONSTITUTION OF COMMISSIONED DEALERSHIPS:

- 3.1 Reconstitution will be permitted for induction of minority partner(s) only after five years of commissioning of dealership.
- 3.2 Subsequent re-constitution shall be considered only after five years from the date of the last re-constitution.
- 3.3 Partner(s) can resign from the dealership after 10 years of holding dealership. In the event of resignation by partner(s), the remaining partner(s) put together shall hold controlling stake i.e. at least 51% shares in the dealership.
- 3.4 In cases of death of the sole proprietor, reconstitution may be made in favor of the legal heir. However, if there is no legal heir(s) or legal heir(s) has expressed unwillingness, the dealership shall be terminated.

3.5 In cases of death of one of the partner(s), the partnership shall be reconstituted with the legal heir(s) of the deceased partner(s) and surviving partner(s). However, if there is no legal heir(s) or the legal heir(s) has expressed unwillingness, the dealership shall be reconstituted with the surviving partner(s). Simultaneous induction of outside partner(s) can be permitted at this stage subject to such reconstitution meeting all other criteria including minimum time period from commissioning/last reconstitution of the dealership as under :

- a) Dealership was commissioned at least 5 years before the proposed reconstitution
- b) There has been no other reconstitution in last 5 years
- c) Post reconstitution, continuing partner/s (including legal heirs of deceased proprietor/partner/s) should hold controlling stake i.e. atleast 51% share in the dealership.
- d) Incoming partner should meet all other applicable conditions including multiple dealership norms.

3.6 In case of incapacitation due to serious illness/accident of the dealer, whether sole proprietor or partner, resulting in total and permanent disability, which will disable him/her to work or follow any occupation or profession, a minority partner may be inducted.

3.7 The restriction of time period of 5 years as mentioned in 3.1 ~~8.3.2~~ above will not be applicable for re-constitution on account of death/incapacitation of the proprietor/partner.

3.8 The Sole proprietor, irrespective of age may be allowed to resign from the dealership (after serving the dealership for minimum 10 years) provided the transfer of share is proposed in favour of :

- a) his/her family member(as defined in Selection Guidelines);
- b) married children of Sole Proprietor;
- c) grandchildren of sole proprietor (in case of death of children of the proprietor);

in the above order of preference.

This transfer will be subject to the incoming person fulfilling all extant requirements for becoming a dealer and the outgoing sole proprietor would become ineligible to apply for another dealership/distributorship in future.

4. INDUCTION OF OUTSIDE CATEGORY PARTNER IN SC/ST DEALERSHIP

4.1 For dealerships belonging to SC/ST category, depending upon the requirement of the finance/expertise in order to meet the Competition/growth, the dealer may require to induct a minority partner from outside his/her category. In such cases, the SC/ST dealer may induct a minority partner(s) from outside his/her category. However at any point of time i.e. before or after re-constitution, the shareholding of persons belonging to the category under which the subject dealership was allotted should be at least 75% of the total shares. If non SC/ST spouse of SC/ST dealer is inducted as partner in the dealership, his/her share in the dealership shall be counted as SC/ST share.





4.2 Following steps will be taken in such cases:

- (i) Request from dealer and application for dealership from proposed incoming partner will be scrutinized at Divisional/Territory/Regional Office to confirm the eligibility of dealership for such reconstitution and the eligibility of incoming partner as per the prevailing dealer selection criteria like age, education, multiple dealership norms, etc.
- (ii) Within 10 days of receipt, the proposal along with recommendations will be forwarded by DRSM/Territory Manager/Regional Manager to Head of Retail of State/ Regional/Zonal office.
- (iii) Incoming partner/s to fulfill the 'Common eligibility criteria for all categories', on all parameters prescribed in the dealer selection guidelines in vogue, except land & infrastructure. For finance, Incoming partner/s (together in case of more than one incoming partner) should have 60% of the prescribed total amount as applicable under eligibility criteria for Finance for Rural/Regular dealerships as the case may be for other than 'SC/ST' category.
- (iv) For Induction of outside category partner into SC/ST category dealership, a three member committee, consisting of State Retail Head/State Co-ordinator/Zonal Co-ordinator handling NWP, the concerned DRSM/Territory/Regional Manager along with one officer from the State Office/Regional/Zonal Office nominated by the Head of State/Region/Zone will assess the incoming partner/s on the parameters given in 4.2 (iii) above, to confirm suitability of the proposal.
- (v) In cases where incoming partner(s) is found meeting above eligibility criteria for induction of outside category person in SC/ST Dealership, the recommendations of the Committee will be put up for approval of Head of State/Region/Zone for induction of outside category person (maximum 25% share) into SC/ST dealership.

5. GENERAL CONDITIONS OF RE-CONSTITUTION:

5.1 All Incoming partner/s should fulfill all the basic requirements for becoming a dealer on 'Common eligibility criteria for all categories', on all parameters prescribed in the dealer selection guidelines in vogue, except land & finance.

5.2 However, relaxation on age and education can be considered in following cases:

- (i) Relaxation on age (minimum or maximum) can be considered in favor of legal heirs/ 'family' member (as per prevalent dealer selection guidelines) in case of request for reconstitution by them. DRSM/Territory Manager/Regional Manager can approve such relaxation. In the event of legal heir being minor (below 18 years of age), the local guardian shall operate the Dealership till the legal heir becomes a major.



(ii) Relaxation on educational qualification can be considered in favor of legal heirs/ 'family' member (as per prevalent Dealer selection guidelines) in case of request for reconstitution arising out of death / incapacitation of the Dealer. DRSM/Territory Manager/Regional Manager can approve such relaxation. However, the candidate should be able to read, write and count.

5.3 In other cases, depending upon merit, relaxation on educational qualification can be considered and approved by the Head of the State/Regional/Zonal office.

5.4 With regard to the multiple Dealership norms, the same will not be applicable to the dealerships commissioned before the multiple Dealership norm came into existence in October 1977. This relaxation shall be available only to spouse/children/grand children of the dealer.

5.5 The request for reconstitution on account of total and permanent disability will be considered based on submission of certificate to this effect from Chief Medical Officer of Govt. Hospital of the district. Alternatively the recommendations of Medical Board recognized by the Govt. can also be considered by the Head of State/Region/Zone.

5.6 For considering eligibility of Dealership for reconstitution, the reference point would be:





- i) Date of commissioning for first reconstitution
- ii) For subsequent reconstitution, the date of execution of last agreement. However, in case executed copy of agreement is not available, the date of approval of last reconstitution will be reckoned with.

6. PROCESS OF RECONSTITUTION:

The following process will be followed for disposal of reconstitution of commissioned distributorship:

6.1 Application:

A comprehensive, easy to be filled in application form giving details of annexure / formats of annexure has been enclosed. The application for reconstitution, in the given format, will be submitted to the concerned DRSM/Territory Manager/Regional Manager against acknowledgement. DRSM/Territory Manager/Regional Manager will maintain a record for this purpose and each application will be acknowledged giving reference to a unique identification no. (Docket No.).

6.2 Scrutiny at Divisional/Territory/ Regional Office:

The original application form will be given to Application Scrutiny Committee (ASC) as applicable under Dealer Selection Guidelines. The committee will scrutinize the proposal for:

- (i) Eligibility for reconstitution of dealership (time period with commissioning / last reconstitution)
- (ii) Eligibility of incoming partner on age, education, multiple Dealership norms, caste certificate (for SC/ST) etc.
- (iii) Examination of documents

6.3 Communication to Dealer :

Within 10 days from receipt of proposal, the following action will be taken by Divisional/Territory/ Regional Office:-

Communication to dealer will be sent informing:

- (i) Reasons for rejection of proposal (on eligibility norms)
- (ii) Short comings in documents with a request to re-submit the corrected / additional documents and that further action will be taken only after receipt of complete proposal / additional document. After receipt of revised proposal / documents, new identification no. (Docket No.) will be given.
- (iii) For proposals found suitable in all respects, the date and time on which all existing partners along with proposed incoming partner should visit Divisional/Territory/ Regional Office for meeting with DRSM/Territory Manager/ Regional Manager and verification of documents. This date will be given with minimum notice of 15 days and not beyond 30 days.
- (iv) Copy of the application along with annexures will be sent to concerned field officer to offer comments within 15 days and referred to law Department for examining the legal aspects if required.

6.4 Meeting with Partners:

If a request from the Dealership is received for changing the date of meeting, such request should be accommodated and next date with mutual consent should be fixed at the earliest but not later than 30 days. It should also be communicated to the Dealer that IOCL/BPCL/HPCL will not be responsible for delay in the process on this account.



On due date of meeting with all existing and proposed incoming partner/s, a committee consisting of the concerned Field Officer along with another officer from the Divisional/Territory/Regional Office will verify the identity of individuals with photo identity cards and also verify the original documents with respect to eligibility criteria. Photocopy of identity cards of all the partners duly signed by them with date will be kept in record with counter signatures of the above mentioned committee.

This will be followed by meeting of all existing and incoming partners with DRSM/Territory Manager/Regional Manager along with the above mentioned committee.

In case an existing partner is unable to visit Divisional/Territory/ Regional Office on the due date on account of serious illness / hospitalization or such like situation to the satisfaction of DRSM/Territory Manager/Regional Manager, a two member team consisting of the concerned Field Officer and one more officer to be nominated by DRSM/Territory Manager/ Regional Manager will be deputed to meet such partner provided he or she is available within Divisional/Territory/Regional Office jurisdiction. In other cases where existing partner/s is not able to visit Divisional/Territory/Regional Office for the above meeting, the proposal will be referred to State /Regional/Zonal office. Depending upon the merit and circumstances, Head of State /Regional /Zonal Office may consider and approve the proposal with specific reasoning. For this purpose opinion of Law Department of State/Region/Zonal office may be obtained to safeguard the interest of Corporation if required.

6.5 Disposal of proposal at Divisional/Territory/ Regional Level:

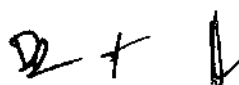
After the meeting, the proposals will be disposed off by conveying "in principle approval" and necessary formalities to be completed by the firm for execution of documents giving 60 days time. Proposals found deficient and not suitable for approval will be disposed off with suitable communication giving reasons for rejection of proposal. Such communication will be sent within 7 days from date of meeting.

Proposals not within the authority of DRSM/Territory Manager/ Regional Manager will be forwarded within 7 days to concerned Head of Retail in the State Office / Regional Office /Zonal Office for necessary action / approval of Head of State / Regional Retail /Zone.

DRSM/Territory Manager/Regional Manager must ensure that all the progress from receipt of application, meeting with the partners, forwarding to the State/ Regional /Zonal office wherever applicable, conveying approval/rejection of proposal, to execution of the agreement is monitored and updated in a separate register for this purpose. The same should be available for review by the visiting officials.

Head of Retail in State/ Regional/Zonal Office will also institute regular monitoring System in the State/Regional/Zonal office to facilitate review/monitoring by Head of the State/Regional Retail/Zonal office.

Formats for application, checklist, approval note etc. are attached as Annexure to this note.



7. APPROVING AUTHORITY FOR RECONSTITUTION OF COMMISSIONED DISTRIBUTORSHIP

7.1 Head of State/ Regional/Zonal Office will be the approving authority for the following cases:

- i) Reconstitution cases involving induction of outside category partner in SC/ST category Dealership.
- ii) Reconstitution in cases where existing partner/s have failed to attend the meeting with DRSM/Territory Manager/Regional Manager and with the 2 member committee deputed by the DRSM/Territory Manager/Regional Manager for this purpose.
- iii) Cases involving relaxation to incoming partner on the education criteria beyond the authority of DRSM/Territory Manager/Regional Manager.

7.2 Concerned DRSM/Territory Manager/Regional Manager will be the approving authority in all other cases.

8. FEES

8.1 Application processing fee:

A non refundable application processing fee of Rs. 25,000/- for reconstitution will be payable along with the application in all cases except:

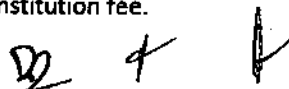
- (i) In cases where reconstitution is arising out of resignation/death /incapacitation of a proprietor, partner/s and incoming partner/s (provided they are legal heirs/family members) proposes to hold the same share in partnership as was with the deceased.
- (ii) Dealership belonging to SC/ST and other Corpus Fund category. However, in cases involving induction of outside category partner in SC/ST Dealership, no exemption will be given.

8.2 Reconstitution fee:

Non refundable Reconstitution fee equivalent to prevailing security deposit (as applicable to new dealership at the time of reconstitution approval) will be collected before execution of agreement. However the reconstitution fee will not be collected in following cases:

- (i) Proposals involving induction of partner from within "Family" (without any exit /outgoing partner) as defined in the prevailing Dealer Selection guidelines.
- (ii) Proposals with or without induction of partner from within "Family" or without induction of partner from outside family (along with exit/outgoing partner) provided continuing partner(s) is (are) holding at least 50% share and maintain(s) majority share in the dealership post reconstitution.
- (iii) Cases involving induction of legal heir after death / incapacitation of dealer/s provided incoming partner/s propose to hold the same share in partnership as was with the deceased / incapacitated dealer. Further in cases where legal heir of deceased / incapacitated partner is taking over shareholding of deceased / incapacitated partner in addition to his / her existing shareholding will also be exempted from reconstitution fee.





(iv) For SC/ST Dealership involving induction of partner from SC/ST category.

(v) In cases where the Sole proprietor, irrespective of age is allowed to resign from the dealership (after serving the dealership for minimum 10 years), provided the transfer of share is proposed in favour of his/her family as defined in the Selection Guidelines.

(vi) Dealer (proprietor/partner/s) who is Senior Citizen (>65 years old) Inducting

- Married son / daughter
- Spouse / children of deceased son / daughter

9. TIMELINES FOR DISPOSAL OF APPLICATIONS:

All proposals should be disposed of as per timelines given in the policy. Reasons for delay, if any, will have to be recorded at each and every stage. DRSM/Territory Manager/Regional Manager, Head of Retail in State will periodically review and furnish MIS giving details of cases cleared and pending beyond allowed timelines with reasons for delay and plan for disposal.

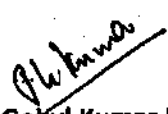
Head of State/Regional/Zonal office will periodically review the progress and status of cases pending at different stages and take corrective action to ensure disposal at the earliest. Under no circumstances, any proposal should remain pending with Corporation for more than 90 days.

10. GRIEVANCE REDRESSAL

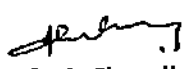
In case of any grievance in the matter of reconstitution, the applicant will submit his petition to the Head of the State/Regional/Zonal Office who will have the grievance investigated and dispose off the case within a period of one month's time from the date of receipt.

11. COMMUNICATION TO DEALER AND PUBLIC

The policy will be hosted on OMCs website along with application form and details of enclosures.

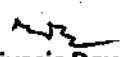

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