

**Policy guidelines for Reconstitution, Resitement, Change of location at LOI stage and Revival of Retail Outlet dealership / SKO-LDO dealership (in supercession of Policy Circular No. 98-12/2005 dated 29.12.2005)**

**This circular is issued in supercession of Policy Circular No. 98-12/2005 dated 29.12.2005, which stands withdrawn with immediate effect.**

1.0	<p>MOP&amp;NG vide their letter No. P-19011/1/2005-IOC dated 17.11.2005 advised the broad guidelines on reconstitution, resitement and revival of Retail Outlets, allotment of Retail Outlets to landowners on the basis of direct offers of land and related issues.</p> <p>The guidelines in supercession of earlier guidelines on Reconstitution, Resitement and Revival of Retail Outlet dealership and SKO –LDO dealerships are as follows:</p>
2.0	<p><b>GUIDELINES FOR RECONSTITUTION :</b></p>
2.1.1	<p>In the event of death / incapacitation due to serious illness/ accident (to be certified by a Medical Board recognized by the Government) of an LOI holder before commissioning of the dealership, the LOI can be transferred to his/ her legal heir in case substantial investment towards commissioning of the dealership has been made by the LOI holder before his/ her death/ incapacitation.</p> <p>Incapacitation will generally mean that the candidate will not be able to perform the duty as a dealer of the retail outlet either due to physical or mental debilities due to accident / serious illness to be certified by the medical board as defined above.</p> <p><b>Substantial investment would be defined as under for uniform understanding:</b></p> <p>(a) "A"site ROs: Since the entire investment is by the company, the provision of transfer of LOI will not be applicable.</p> <p>(b) In respect of "B" site ROs where the entire investment in land and facilities are to be done by the LOI holder, the provision of transfer of LOI would be applicable. The minimum qualifying consideration of Substantial investment would be that the LOI holder has arranged a suitable land for setting up of a Retail Outlet and carried out land development work including compound wall/ fencing.</p> <p>The legal heir will have to satisfy multiple dealership norms and other criteria for normal Dealer Selection except age and educational qualification.</p> <p>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.</p> <p>There will not be any minimum educational qualification criteria. However, the candidate should be able to read, write and count.</p> <p>The transfer of LOI should be done within six months from the date of occurrence of vacancy due to death/ incapacitation.</p>
2.1.2	<p>In cases where substantial investment has not been made by the LOI holder before his/ her death/ incapacitation, in order to give a fair opportunity to other empanelled candidates and the legal heir of the deceased/ incapacitated LOI holder, the legal heir will be interviewed and evaluated by Selection Committee as per Dealer Selection guidelines. As far as possible, the selection committee members will remain the same. For this purpose fresh application will be obtained from such legal heir.</p> <p>On the basis of the marks awarded as above and the earlier marks sheet of the balance applicants, fresh merit list will be prepared and dealership awarded accordingly.</p> <p>The above will be applicable to Corpus Fund candidates also.</p> <p>In cases where the evaluation criteria / guidelines have undergone a change, fresh interview will be conducted for all the candidates who were interviewed earlier and the legal heir of LOI holder.</p> <p>As the legal heir in this case is required to compete with other empanelled candidates as per the selection criteria, he/ she has to meet the eligibility criteria also.</p>

<b>2.2</b>	<b>Proposed guidelines for reconstitution within family</b>
2.2.1	The definition of family for the purpose of reconstitution of dealership will be the same as defined in the prevailing guidelines for Selection of Dealer. The definition as per the existing policy is "individual, his/her spouse, unmarried son(s) and unmarried daughter(s)."
2.2.2	The incoming family member will have to satisfy the multiple dealership norms and other criteria for normal selection except age and educational qualification.
2.2.3	Minimum age requirement for the incoming partner will be 18 years.
2.2.4	There will not be any minimum educational qualification criteria. However, the candidate should be able to read, write and count.
2.2.5	There will be no restriction of time period for reconstitution within family.
<b>2.3</b>	<b>Reconstitution outside family :</b>
2.3.1	<p>Reconstitution outside the family can be done only under the following circumstances without any restriction on time period :</p> <p>(a) In case of death of the sole dealer in favour of legal heir. However, if there is no legal heir(s) or the legal heir(s) has expressed unwillingness, the dealership shall be terminated.</p> <p>(b) In case of death of a partner in a partnership firm, in favour of legal heir(s). However, if there is no legal heir(s) or the legal heir(s) has expressed unwillingness, the dealership can be reconstituted with the remaining partner(s).</p> <p>In case of death of majority partner(s), the reconstitution can be done with the remaining minority partner(s) if there are no legal heir(s) to the majority partner or legal heir(s) have expressed unwillingness.</p> <p>(c) In case of incapacitation due to serious illness/ accident (to be certified by a Medical Board duly recognized by the Government) of dealer/ partner(s), he/she may induct a minority partner.</p> <p>(d) In cases where the age of the dealer/ Partner(s) is more than 60 years, he/she may induct a minority partner. recognized by the Government) of dealer/ partner(s), he/she may induct a minority partner.</p>
2.3.2	The incoming person will have to satisfy the multiple dealership norms and other criteria for normal selection. In case the legal heir does not meet the eligibility criteria as applicable to selection of dealer, he/she may induct a minority partner who satisfies the eligibility criteria.
<b>2.3.3</b>	<b>Induction of a financial partner:</b> <p>(a) The provision will be applicable to Retail Outlet Dealerships where selection was done as per MOP&amp;NG guidelines stipulating ceiling on income.</p> <p>(b) Stipulation of time limit: Induction of financial partner for dealerships under (a) above can be done upto Dec'07. After December'07, induction of financial partner may not be permitted unless the guidelines are amended by MOP&amp;NG.</p> <p>(c) The steps followed will be as under:</p> <p>(i) Request to be given by existing Dealer to concerned Field Officer</p> <p>(ii) All documents as directed by Field Officer to be submitted by Dealer</p> <p>(iii) Proposal to be submitted by Field Officer with all relevant documents to Divisional Retail Sales Office.</p> <p>(iv) Proposal to be examined by Head of Divisional Retail Sales Office from all angles including the genuineness of the ground for reconstitution and submitted to State Office.</p> <p>The genuineness of the ground for reconstitution should be corroborated with the financial capability of the existing proprietor / partner(s) and the need for infusion of funds considering sales potential of the Retail Outlet.</p> <p>(v) Proposal to be examined by State Office Head (vi) If satisfied with the proposal, State Office Head, will appoint interview committee as stated below.</p> <p>(vii) The financial partner will be interviewed and evaluated as per Dealer Selection Guidelines in vogue.</p>

	<p>The interview committee will consist of:</p> <p>Ø Head of Divisional Retail Sales Office  Ø Two Officers of minimum D grade from within State preferably from Retail Sales</p> <p>The Committee will be nominated by Head of State</p> <p>(viii) Final approval for reconstitution with financial partner will be given by Head of State.</p> <p>(ix) Once a reconstitution is effected, the status of financial partner will be at par with any other partner.</p>
2.3.4	Original / last approved allottee shall always have the majority share.
2.3.5	For dealerships belonging to SC/ST category, the incoming partner should also be from amongst SC/ST. Wherever an SC/ST dealer has married a non SC/ST, reconstitution for inclusion of spouse who is non SC/ST may also be permitted.
<b>2.4</b>	<b>Other Conditions for reconstitution :</b>
2.4.1	New partner(s) will be approved by IOC after verifying genuineness of the ground for reconstitution and eligibility of the incoming person.
2.4.2	It will be ensured that original LOI holder/ last approved allottee shall have majority share and continues to be responsible for smooth and efficient operation of the dealership. It will be ensured that the functioning of dealership does not become a benami operation. The incoming person(s) will also be equally responsible for smooth and efficient operation of a dealership.
2.4.3	In case of partnership firms, if the legal heir(s) expresses unwillingness to carry on the business, the dealership will be reconstituted with the remaining partner(s) after obtaining no objection certificate from the legal heir(s) and after considering any "Will" made by the deceased/ incapacitated allottee.
2.4.4	Reconstitution will be permitted only after settlement of dues, if any, to IOC and also court cases, if any.
2.4.5	Security Deposit, as applicable to new dealership, will be payable at the time of induction of financial partner in the dealership. However, no security will be taken in subsequent reconstitutions of such dealerships involving "family" (as per definition in vogue for reconstitution) members of existing partners.
<b>2.5</b>	<b>Approving Authority</b> (i) Reconstitution at LOI stage – State Head (ii) Induction of financial partner – State Head (iii) All other cases of reconstitution – Head of Divisional Retail Sales Office.
<b>3.0</b>	<b>GUIDELINES FOR RESITEMENT :</b>
3.1	Resitement (Change of location) at LOI stage –
3.1.1	No resitement shall be allowed at LOI stage. However, in case of Corpus Fund locations, where selection was done prior to 27.10.2005, change of location at LOI stage may be permitted.
3.1.2	Change of location at LOI stage as per 3.1.1 above will be permitted within the same class of market within the same State, preferably within the same District.
3.1.3	The above will be done depending on merit of the case where IOC's efforts for acquisition of land in the advertised location have failed.
3.1.4	W.e.f. 27.10.2005, land should be acquired before advertising for the selection of dealers eligible under Corpus Fund Scheme. In such cases, change of location at LOI stage will not be permitted.
3.1.5	In case of widows and unmarried women above 40 years of age, the allottees are eligible for facilities under Corpus Fund Scheme subject to their request and satisfaction of IOC. In all such cases, the applicant will be required to specify in the application whether he/ she wishes to avail for facilities under Corpus Fund Scheme. If a candidate eligible for the facility happens to be selected under category where those not eligible for the said scheme are also eligible, Letter of Intent will not be issued till such time land is procured.
3.1.6	The approving authority for change of location at LOI stage will be State Head.
<b>3.2</b>	<b>Resitement of a commissioned dealership</b>
3.2.1	Resitement of a commissioned dealership may be considered on the following grounds : (a) Road widening, diversion of road, realignment of existing road by a new one, road closure, closure of a particular traffic to the area, and any road related incidents beyond the control of dealer/ distributor viz.

	<p>shifting of octroi post etc.</p> <p>(b) Increase in disparity in State Taxes leading to rendering ROs located at inter-State border areas unviable. For this purpose, viability will be 100 kl per month combined potential of MS &amp; HSD.</p> <p>(c) Closure/ acquisition of the existing site by a competent authority for reasons not attributable to dealer</p> <p>(d) The resitement will be permitted in the same class of market within the same State.</p> <p>(e) Closure of nearby business activities (eg. stone quarries, road construction activities, private bus depots, etc.), which were contributing to RO's revenue, rendering the RO unviable.</p> <p>(f) Dealer is forced to vacate existing site by the lessor or any authority after the dealer has exhausted all legal remedies upto High Court.</p> <p>(g) Where IOC is unable to obtain legal redress to enable it to continue on the site and the legal department of the Company concerned confirms (i) we have no registered/ valid lease/ option available for the site, (ii) we have no protection under any local tenancy and other Acts.</p>
3.2.2	Resitement has to be with the same dealer.
3.2.3	Partial resitement of facilities will not be allowed.
3.2.4	At the old partially resited Outlets selling MS/HSD, addition of HSD/ MS will not be permitted. However, there may not be any objection to addition of branded MS/ HSD to the partially resited Outlets selling only MS or HSD respectively.
3.2.5	Resitement with the sole objective of improvement of sales will not be permitted.
3.2.6	No resitement shall be made from remote/ low service areas without the approval of Director(M).
3.2.7	No Retail Outlet in a monopoly market (a market which is not covered by National/ State Highway and where there is no other Retail Outlet within a radius of 10 kms), will be resited.
3.2.8	Dealership at the old location shall be decommissioned before commissioning at the new site.
3.3	All cases of resitement except those at low service/ monopoly area will be approved by Head of Divisional Retail Sales Office. This does not include change of location at LOI stage, which has to be approved by State Head.
4.0	<b>GUIDELINES FOR REVIVAL :</b>
4.1	Revival of dealership shall not be allowed in the following cases :
4.1.1	Dealerships terminated on account of malpractices/ irregularities/ breach of Dealership Agreement/ Violation of MDG. This will not however come in the way of consideration of decision on appeals, which may be made by the terminated dealership under the provision of MDG.
4.1.2	Terminated SKO/LDO dealerships
4.2	In cases other than 4.1 above (for reasons beyond the control of the dealer), depending on the merit of the case, revival with the same constitution at the same location may be permitted with the approval of Board of Directors.
4.3	The dealer must meet the eligibility criteria for selection of a new dealer, which are in vogue at the time of revival.
4.4	The dealer will be required to deposit the security amount payable to new dealerships.
4.5	Dealerships inoperative from a date prior to 1.4.2002 will not be considered for revival.
4.6	Dealerships remaining inoperative for a period of more than 3 years will not be revived.
	All earlier guidelines with regard to Reconstitution, Resitement, and Revival of Retail Outlet Dealerships and SKO-LDO Dealerships stand abrogated with immediate effect .