

Policy guidelines for Reconstitution of LPG Distributorships:

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

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

- 1** 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:
 - a. LOI may be transferred to the legal heir of the deceased/incapacitated LOI holder
 - b. In case of partnership, reconstitution may be allowed with the legal heir of the deceased/incapacitated original partner.
 - c. The legal heir will have to fulfill multiple Distributorship norms and other eligibility criteria as applicable for normal Distributor 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.
 - d. 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 Distributorship till the legal heir becomes a major.
 - e. Relaxation in Educational qualifications may be allowed as in the case of reconstitution of commissioned distributorships. However, the candidate should be able to read, write and count.

2 PROCESS OF RECONSTITUTION:

- a. Legal heirs of the deceased/incapacitated LoI holder should intimate the concerned Area Manager / Field officer immediately and submit application in prescribed form within 30 days.

3. RECONSTITUTION OF COMMISSIONED LPG DISTRIBUTORSHIPS:

- 3.1** Reconstitution will be permitted for induction of minority partner(s) only after five years of commissioning of distributorship.
- 3.2** Subsequent re-constitution shall be considered only after five years from the date of the last re-constitution.
- 3.3** The Sole proprietor, irrespective of age may be allowed to resign from the dealership/distributorship (after serving the dealership/distributorship 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 distributor/dealer and the outgoing sole proprietor would become ineligible to apply for another dealership/distributorship in future.

- 3.4 Partner(s) can resign from the distributorship after 10 years of holding distributorship. 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 distributorship.
- 3.5 In cases of death of the sole distributor, 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 distributorship shall be terminated.
- 3.6 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 distributorship 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 distributorship.
- 3.7 In case of incapacitation due to serious illness/accident of the distributor, whether sole 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.
- 3.8 The restriction of time period of 5 years as mentioned in 3.1 above will not be applicable for re-constitution on account of death/incapacitation of the proprietor/partner.

4. INDUCTION OF OUTSIDE CATEGORY PARTNER IN 'SC/'ST' DISTRIBUTORSHIP

- 4.1 For distributorships awarded under SC/ST category, depending upon the requirement of the finance/expertise in order to meet the Competition/growth, the distributor may require to induct a minority partner from outside his category. In such cases, the SC/ST he/she may induct a minority partner(s) from outside his 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 distributorship was allotted should be at least 75% of the total shares. If non SC/ST spouse of SC/ST distributor is inducted as partner in the distributorship, his/her share in the distributorship shall be counted as SC/ST share.
- 4.2 Following steps will be taken in such cases:
 - a. Request from distributor and application for distributorship from proposed incoming partner will be scrutinized to confirm the eligibility of distributorship for such reconstitution and the eligibility of incoming partner as per prevailing distributor selection criteria like age, education, multiple Distributorship norms, etc.
 - b. Incoming partner/s to fulfill the 'Common eligibility criteria for all categories', on all parameters prescribed in the LPG distributor 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 to the class of market for other than 'SC/ST' category.

5. GENERAL CONDITIONS OF RE-CONSTITUTION:

5.1 Incoming partner/s to fulfill the 'Common eligibility criteria for all categories', on all parameters prescribed in the LPG distributor selection guidelines in vogue, except land, infrastructure & finance. For finance, incoming partner/s other than "Family"/legal heirs (together in case of more than one incoming partner) should have 60% of the prescribed total amount as applicable to the class of market / category.

5.2 Relaxation on age and education can be considered in following cases:

5.2.1 Relaxation on age can be considered in favor of legal heirs / "family" member(s) ('family' as per prevalent distributor selection guidelines. Approving authority can approve such relaxation. In the event of legal heir being minor (below 18 years of age), the local guardian shall operate the Distributorship till the legal heir becomes a major.

5.2.2 Relaxation on educational qualification can be considered in favor of legal heirs/ "family" member (as per prevalent Distributor selection guidelines). Approving authority can approve such relaxation. However, the candidate should be able to read, write and count.

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

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

5.2.5 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 approving authority.

5.2.6 For considering eligibility of Distributorship for reconstitution, the reference point would be:

- a. Date of commissioning for first reconstitution
- b. 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 Area Manager against acknowledgement. Area Manager will maintain a record for this purpose and each application will be acknowledged giving reference to a unique identification no.

6.2 Communication to Distributor :

Within 10 days from receipt of proposal, the following action will be taken by Area Manager

Communication to distributor will be sent informing:

- a. Reasons for rejection of proposal (on eligibility norms)
- b. 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. will be given.
- c. For proposals found suitable in all respects, the date and time on which all existing partners along with proposed incoming partner should visit Area Office for meeting with Area Manager and verification of documents. This date will be given with minimum notice of 15 days and not beyond 30 days.

6.3 Meeting with Partners:

On due date of meeting with all existing and proposed incoming partner/s, the identity of individuals will be cross checked against original photo identity card/s and also the original documents will be verified with respect to eligibility criteria. Photocopy of identity cards of all the partners duly signed by them with date will be retained

This will be followed by meeting of all existing and incoming partners with Area Manager along with concerned Field Officer.

6.4 Disposal of proposal :

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 Area Manager will be forwarded within 7 days to concerned State LPG Head for necessary action / approval.

7. FEES

7.1 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:**

- a. In cases where reconstitution is arising out of resignation /death /incapacitation of a proprietor, partner/s and incoming partner/s proposes to hold the same share in partnership as was with the deceased.

- b. Distributorship belonging to SC/ST and other Corpus Fund category. However, in cases involving induction of outside category partner in SC/ST distributorship, no exemption will be given.

7.2 Reconstitution fee:

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

- a. Proposals involving induction of partner from within "Family" (without any exit /outgoing partner) as defined in the prevailing Distributor Selection guidelines.
- b. 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 atleast 50% share and maintain(s) majority share in the distributorship post reconstitution.
- c. Cases involving induction of legal heir after death / incapacitation of distributor /s provided incoming partner/s propose to hold the same share in partnership as was with the deceased / incapacitated distributor. 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.
- d. For SC/ST Distributorship involving induction of partner from SC/ST category.
- e. 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.
- f. Senior Citizen distributor (>65 years old) inducting
 - Married son / daughter
 - Spouse / children of deceased son / daughter

8. TIMELINES FOR DISPOSAL OF APPLICATIONS:

All proposals should be disposed off in a time bound manner preferably within 3 months of receipt of such completed proposal.

9.. GRIEVANCE REDRESSAL

In case of any grievance in the matter of reconstitution, the applicant will submit his petition to the Head of the State 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.