



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

### **A. INTRODUCTION**

OMCs on Industry basis have framed amended reconstitution guidelines for Retail Outlets / SKO-LDO Dealership incorporating provisions for “Ease of doing business” and “Entrepreneurship”. Accordingly, the amended guidelines framed by the OMCs on industry basis for reconstitution of Retail Outlets / SKO-LDO Dealership, which have been brought into effect on 04.07.2018, is as indicated below:-

The Reconstitution guidelines given below supersede all earlier guidelines on reconstitution issued by OMCs.

### **B. RECONSTITUTION AT LETTER OF INTENT (LOI) STAGE**

1. Reconstitution of Retail Outlet dealerships will be permitted only once, except in case of death and incapacitation, at LOI stage.
2. In case of resignation by Proprietor/partner(s) at LOI stage, the LOI shall be withdrawn, except in case of death and incapacitation.
3. In cases of death of the sole allottee / all partners at LOI stage, reconstitution will be allowed in favor of the legal heir(s) / family member(s), with the consent of legal heir(s). However, if there is/are no legal heir(s) or legal heir(s) have expressed unwillingness, the LOI shall be cancelled.
4. In case of death of partner(s) at LOI stage, reconstitution will be allowed in favor of the legal heir(s)/family member(s) with the consent of legal heir(s) and surviving partners. However, if there is/are no legal heir(s) or legal heir(s) have expressed unwillingness, the dealership at LOI stage shall be reconstituted with the surviving partner(s). In cases where there are no legal heir(s) of the deceased/incapacitated LOI holder(s) {incapacitation as defined under para B(7)} and /or their present address is not known, then OMCs shall issue a notice giving 30 days' time to respond {cost to be borne by surviving partner(s) / other legal heir(s)} in the newspaper in the District concerned, seeking response/objection on the proposed reconstitution of the firm & clearly stating that no further claim beyond the stipulated period of 30 days will be entertained.

However, the proposed / existing LOI holder(s) will have to indemnify the OMCs against any claims or demands which may be made in future.

5. In case of incapacitation due to serious illness/accident of the LOI holder(s), whether sole allottee or partner(s), resulting in total and permanent disability, which will disable



## POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS

him/her/them to work or follow any occupation or profession, reconstitution at LOI stage will be allowed in favour of the legal heir(s)/family member(s) with the consent of legal heir(s) and surviving partner(s). In case the incapacitated LOI holder/partner(s) wishes to exit, it may be permitted.

6. Induction of outside partner(s) can be permitted in case of para 1, 3, 4 & 5 above, subject to such reconstitution meeting all other criteria including retention of minimum 51% share by the original allottee(s) and/or legal heir(s) / family member(s) of the original allottee(s), in the dealership after reconstitution.
7. In case of incapacitation resulting in total and permanent disability, if the LOI holder(s) is not in a position to give consent due to physical condition & has/have not submitted nomination form, then consent of the members of the “family unit” and married children would be required before reconstitution. Before reconstitution, the proposed LOI holder(s) should furnish appropriate indemnity bond indemnifying the OMC against any claim/damage in future. **(Annexure-K1)**.
8. LOI holder(s) belonging to SC/ST category, can make a request to induct minority partner(s) from outside his/her/their category. In such cases the SC/ST LOI holder(s) may be allowed to induct minority partner(s) from outside his/her/their category. However at any point of time i.e. before or after reconstitution, the shareholding of persons belonging to the category under which the subject dealership was allotted should be at least 75% of total shares. If non-SC/ST spouse of SC/ST LOI holder(s) is inducted as partner, his/her share in the dealership shall be counted as SC/ST share.

In case of death/permanent incapacitation of SC/ST LOI holder(s), total share of the deceased/incapacitated LOI holder(s) can be transferred to their Legal heirs. In case of transfer of share to Non-SC/ST spouse or Non-SC/ST children (legal heirs) the same would be counted as SC/ST share.

In case of death/permanent incapacitation of SC/ST partner (in a SC/ST category dealership having partner from outside SC/ST category) and where there is no legal heir (s) or legal heir(s) have expressed their unwillingness, in such case the share of the deceased/ incapacitated SC/ST dealer can be transferred to any other person(s) belonging to the same category, there by maintaining the same category share at minimum 75%.

9. For the purpose of Reconstitution at LOI stage, the LOI stage would also include situation where the selected candidate has passed FVC and is eligible for issuance of LOI.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

10. Facility for Nomination : Notwithstanding the above, LOI holder(s) may submit a Nomination Form containing name(s) of person(s) (from among his/her/their legal heir(s)/family member(s), as per the personal Law applicable) that he/she desires to transfer his/her share in the event of death or incapacitation resulting in total and permanent disability which will disable him/her to work or follow any occupation or profession. The nomination form (**Annexure-E1**) duly sworn before a First Class Magistrate / Executive Magistrate / any other equivalent competent authority in the concerned state may be submitted upon issuance of the LOI. The LOI Holder(s) will also have the option to change his/her nomination at any time during the LOI stage. In case of partnership, partners may submit nomination separately but such nomination will have to be witnessed by other partner(s).

On demise or total incapacitation of the LOI holder(s), fresh LOI will be issued to the person(s) as per the last nomination. In case of more than one nominee, the shareholding of the deceased will be distributed among the nominated persons in the ratio the deceased LOI holder has mentioned in the last nomination or equally in case no share out is mentioned.

The OMC can allow for induction of such nominee(s) as proprietor/partner(s) provided he/she/they meet the eligibility criteria for reconstitution, as applicable without seeking consent from other legal heirs upon demise of the LOI holder(s).

However, if the person(s) nominated express unwillingness to be inducted as LOI holder(s) or they are found ineligible, as per norms applicable for Dealership Selection other than age and education {viz. debarred from dealership under disqualification criteria as per the Dealer Selection Guidelines in vogue}, at that juncture, the LOI can be reconstituted with the other willing legal heir(s) or family member(s) of the deceased LOI holder(s) with the consent of the other legal heir(s).

Along with the proposal for reconstitution, the surviving LOI holder(s) and the nominee(s) are required to submit Indemnity bond as per **Annexure-G1 & Annexure F1** respectively.

### **C. GENERAL CONDITIONS FOR RECONSTITUTION AT LETTER OF INTENT (LOI) STAGE**

1. All inductees 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. All inductees should also not be debarred from dealership under disqualification criteria as per the Dealer Selection Guidelines in vogue. The new LOI holder(s) would be required to comply with all the conditions as mentioned in the earlier LOI issued.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

However, in case of death/incapacitation of LOI holder(s), LOI may be transferred to the legal heir(s)/family member(s) as per the nomination submitted by the LOI holder, or in absence of the same with the consent of legal heir(s) of the deceased or incapacitated LOI holder. The legal heir(s)/family member(s), who is/are to be inducted will have to fulfill the following conditions:-

- a) Multiple dealership norms and other eligibility criteria, as applicable under Dealer Selection guidelines for the relevant category prevailing at the time of reconstitution, except age and educational qualification.
  - b) Relaxation in age can be considered in favour of nominee(s)/legal heir(s)/family member(s) in case of request for reconstitution is arising out of death / incapacitation. The maximum age limit may be relaxed in cases of reconstitution involving induction of partner from within family member(s). The minimum age requirement will be 18 years. If he/she is a minor, the local guardian shall operate the dealership till he/she becomes a major. The local guardian should be a major and should be able to read, write and count.
  - c) Should not come under the purview of disqualification criteria as per the Dealer Selection Guidelines in vogue.
  - d) There will not be any minimum educational qualification criteria. However, he/she must be able to read, write and count.
  - e) The process of reconstitution must be completed within 6 months of demise of LOI holder(s). However, in specific cases, approval may be granted beyond the period of 6 months with proper justification.
  - f) OMCs can transfer the LOI to such eligible Legal heir(s)/family member(s) by issuing fresh LOI after necessary approval of competent authority.
  - g) The new LOI holder(s) would be required to comply with all the conditions as mentioned in the earlier LOI issued to the deceased/incapacitated proprietor/partner(s).
2. The share out of the proposed partnership firm would be decided by the continuing and incoming partners in line with provisions mentioned under B(6) & B(8) hereinabove and the same should be mentioned in the Draft Partnership Deed to be submitted along with the Reconstitution proposal.
  3. Multiple Dealership Norm: Multiple Dealership Norm as per Dealer Selection Guidelines in vogue would be applicable in all cases of reconstitution.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

4. Indian citizen: The incoming LOI holder(s) should be Indian Citizen in line with Dealer Selection Guidelines in vogue.
5. Legal heir / Succession certificate: Legal heir / Succession certificate should be submitted to OMC to establish Legal heirs of the deceased LOI Holder(s). In case the same is getting delayed, then the incoming partner/legal heir(s) can submit an affidavit, sworn before 1<sup>st</sup> Class Magistrate/ Executive Magistrate/ any other equivalent competent authority in the concerned state, by all the legal heir(s) of the deceased {including incoming legal heir(s)} declaring that they are the only legal heir(s) of the deceased. OMCs can approve reconstitution in such cases. However, the proposed/existing LOI holder(s) of the reconstituted dealership will have to indemnify the OMC (**Annexure-L1**) against any claims or demands which may be made in future.
6. In cases where Nominee(s) / Legal Heir(s) of deceased partner(s) of LOI is/are not available / not traceable: In cases where one or more of the Nominee(s) / Legal heir(s) of deceased partner(s) of the LOI is/are not available / not traceable and /or their present address is not known, then OMCs shall issue a notice {cost to be borne by surviving partner(s) / other legal heir(s) / other nominee(s)} in the highest circulated newspaper in the District concerned, seeking response/objection within 30 days of the date of notice on the proposed reconstitution of the LOI & clearly stating that no further claim beyond the stipulated period of 30 days will be entertained. Additionally, the Notice would be sent under Regd/AD Post to the last known address of the deceased LOI holder(s) / Nominee(s) / Legal Heir(s) of deceased partner(s). Thereafter, the OMC can approve reconstitution of the LOI excluding such Nominee(s) / Legal heir(s). However, the inductee(s) of the LOI will have to indemnify the OMC (**Annexure-H1**) against any claims or demands which may be made in future.
7. In cases where Nominee(s) / Legal Heir(s) is/are not responding: In case Nominee(s) / Legal heir(s) have not given their consent within specified period of 30 days, another time period 30 days (as reminder) shall be given to the nominee(s)/legal heir(s) for expressing their willingness to join the LOI failing which, it will be treated that they {non responding nominee(s)/legal heir(s) of deceased proprietor/partner(s)} are unwilling to be inducted in the LOI and the OMC can approve reconstitution of the LOI with the willing nominee(s)/legal heir(s). However, the surviving / incoming LOI holder(s) of the reconstituted LOI will have to indemnify the OMC against (**Annexure-I1**) any claims or demands which may be made in future.
8. In cases where there is dispute in share out: In case of dispute on share out between legal heirs of deceased LOI holder(s), the share of the deceased LOI holder(s) will be equally divided between all the willing incoming legal heirs. However, in this case the willing legal heirs to be



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

inducted in the LOI will have to indemnify the OMC against any claims or demands which may be made in the future.

9. In cases where there is no NOCs from Legal Heir(s) who are not eligible to become LOI holder(s): In case of death, where one or more Nominee(s) / Legal heir(s) are not willing to give relinquishment or NOC in favour of surviving/incoming LOI holder(s) despite the fact that these Nominee(s) / Legal heir(s) may not be eligible to become dealer as per Disqualification norm of Dealer Selection guidelines, in such cases obtaining NOC/Relinquishment from such Nominee(s) / Legal heir(s) will not be mandatory. However, the onus would be on the surviving/incoming LOI holder(s) of the LOI to provide conclusive documentary evidence with regard to disqualification of such Nominee(s) / Legal heir(s) and OMC would independently verify the authenticity of the same. In such cases, OMCs will issue a communication to the concerned Nominee(s) / Legal heir(s) to submit documentary proof with regard to their eligibility within 30 days from the date of the letter. In case no response is received, the OMC can approve reconstitution of the LOI excluding such Nominee(s) / Legal heir(s). However, the surviving / incoming LOI holder(s) of the reconstituted LOI will have to indemnify the OMC against **(Annexure-J1)** any claims or demands which may be made in future.

For cases where letters written to such nominee(s) / Legal heir(s) gets returned undelivered. Such cases will be treated as “Nominee(s) / Legal Heir(s) of deceased partner(s) of LOI is/are not available / not traceable” and further action is to be taken in accordance with the same.

10. Before reconstitution of LOI, a meeting would be done with all the existing / incoming LOI holder(s) by OMC. In cases where any/some of them do not attend the meeting due to any reason, in such cases a Registered letter confirming receipt of reconstitution proposal, giving reference of the meeting held with the attending partners and Corporation’s intention of proceeding with the reconstitution proposal would be given to them.
11. All proposals for reconstitution of dealerships at LOI stage shall be disposed of by the concerned OMC in a time bound manner within 90 days from the date of receipt of **complete** proposal.
12. At the time of reconstitution, the dealership should furnish appropriate indemnity bond indemnifying the OMC against any claim/damage.

**Note :** Family member(s) of LOI holder(s) are the members of the “Family Unit”( as defined in Dealer Selection Guidelines in vogue) and married children and/or grandchildren of the LOI holder(s).



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

### **D. PROCESS OF RECONSTITUTION AT LETTER OF INTENT (LOI) STAGE :**

The following process will be followed for disposal of reconstitution at LOI stage.

1. **Application :**

The application for reconstitution, in the given format (**Annexure-A1, B1 & C1 & standard Affidavit-D1**), will have to be submitted to the concerned Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, against acknowledgement. Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, will maintain a record for this purpose and each application will be acknowledged giving reference to a unique identification no. (Docket no.)

2. **Scrutiny at Divisional/Territory/Regional Office of IOC/BPC/HPC :**

Divisional/Territory/Regional Office of IOC/BPC/HPC shall assess the eligibility of the legal heir(s)/family member(s)/outside partner(s) in line with the Dealership Selection Guidelines in vogue and the relaxations provided hereinabove.

3. If the candidate(s) is/are found meeting the criteria, approval of the competent authority will be obtained for reconstitution and issuance of fresh LOI and cancellation of the earlier LOI. The fresh LOI would be issued with all the conditions as was mentioned in the earlier LOI including that the legal heir(s)/family member(s)/nominee(s) will have to make available the identified land offered by the original allottee/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.

4. 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 (CMO) of Govt. Hospital of the district. Alternatively, the recommendation of Medical Board recognized by the Govt. can also be considered by the approving authority.

5. In case of death/incapacitation {incapacitation as defined under para B (7)} of LOI Holder(s), on receipt of information regarding death/such incapacitation, a letter giving opportunity for reconstituting the LOI to nominee(s)/legal heir(s)/ "family unit" including married children will be issued, within 10 (ten) days of receipt of such information. Along with this letter, copy of application form for reconstitution of dealership at LOI stage and list / format of other documents and other relevant information to be submitted by the applicant, shall be sent. 30 (thirty) days' time will be given to the nominee(s)/legal heir(s) for submitting the application. In case of formal request for extending the time, the time can be further extended by another 30 days.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

**In case the deceased/incapacitated {incapacitation as defined under para B (7)} LOI holder had earlier appointed nominee(s), letter/information as mentioned above shall be first sent only to the concerned nominee(s). If the nominee(s) fails to respond within the stipulated period, subsequent letter/information shall be sent to the legal heir(s)/ “family unit” including married children of the deceased/incapacitated LOI holder.**

6. **Communication to Applicants** : Within 10 days from receipt of proposal, the Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable would send communication to the applicant(s):-
- Informing reasons for rejection of proposal (on eligibility norms).
  - Informing short comings, if any, in the 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 documents. After receipt of revised proposal / documents, a new identification no. (Docket no.) shall be given.
  - For proposals found suitable, a letter will be sent intimating the date and time on which all existing partners along with proposed incoming partner should visit the Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, for meeting with Divisional/Territory/Regional in-charge and verification of documents. This date will be given with minimum notice of 15 days and not beyond 30 days. If a request from the applicant(s) is received for changing the date of meeting, such request would be accommodated and next date with mutual consent should be fixed at the earliest but not later than 30 days. However, the OMC will not be responsible for delay in the process on this account.
7. **Meeting with existing/incoming LOI holder(s)/Partner(s)** :  
On due date of meeting with all existing and proposed incoming partner(s), a committee of two officers, will verify the identity of the individuals with photo identity cards and also verify the original documents with respect to eligibility criteria. Any one of the following photo identity cards will be reckoned for the above purpose.
- Aadhar Card
  - PAN Card
  - Passport
  - Voter ID
  - Photo ID card issued by Govt./PSU
  - Driving Licence





## POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS

8. This will be followed by meeting of all existing and incoming partner(s) with the Divisional/Territory/Regional Office in-charge of IOC/BPC/HPC, as applicable, along with the above mentioned committee.
9. In case an **existing** partner is unable to visit Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, on the due date on account of serious illness / hospitalization or such other situation to the satisfaction of the OMC competent authority may consider such case and approve the reconstitution proposal with specific reasoning.
10. **Disposal of proposal:**  
After the meeting, in case of the proposals found deficient and not suitable for approval, the proposal will be disposed of by sending communication on rejection of proposal. However, in case of proposals meeting norms, the same will be disposed of by conveying “in principle approval” with instruction for necessary formalities to be completed by the applicants giving 60 days’ time.
11. Formats of application, standard affidavit, indemnity, nomination form, etc. are attached as Annexures to this guideline.

### E. TIME LINES FOR RECONSTITUTION AT LETTER OF INTENT (LOI) STAGE

All proposals for reconstitution at LOI stage should be disposed of within 90 days from submission of **complete** proposal.

### F. NON-REFUNDABLE APPLICATION PROCESSING FEE & RECONSTITUTION FEE FOR RECONSTITUTION AT LETTER OF INTENT (LOI) STAGE :

In all cases, the dealerships would be required to pay **non-refundable application processing fee of Rs.25,000/-** at the time of application and upon approval of reconstitution, pay **a non-refundable reconstitution fee equivalent to Security Deposit amount as applicable to the category of dealership defined under Dealer Selection Guidelines** in vogue, before issuance of fresh LOI, except under the cases mentioned below;

- a) In case where reconstitution is arising out of death/incapacitation of the proprietor / partner(s) and the incoming partner(s) {provided they **all** are nominee(s) / Legal heir(s) / family member(s)} propose to hold the same share in partnership as was with the deceased/incapacitated.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

- b) For induction of partner(s) from SC/ST category in LOIs belonging to same category. However, in cases involving induction of outside category partner(s) in SC/ST Dealership, no exemption will be given.

### **G. RECONSTITUTION OF COMMISSIONED DEALERSHIPS**

1. There will be no restriction of time period for reconstitution of commissioned dealership. However, up to 3 years of commissioning of a dealership, reconstitution will be permitted for induction of minority partner(s) including outside partner(s), with maximum share of incoming partner(s) restricted up to 49% (except in case of induction of outside category partners in SC/ST dealerships wherein the share of incoming outside category partner(s) will be restricted to 25%). There is no restriction on shareholding of the partner(s) in the dealership after 3 years of commissioning (except in case of induction of outside category partner(s) in SC/ST dealerships wherein the share of incoming outside category partner(s) will be restricted to 25%).
2. The Sole Proprietor / Partner(s) belonging to SC/ST category may make a request to induct minority partner(s) from outside their category. In such cases the SC/ST Proprietor / Partner(s) may be allowed to induct minority partner(s) from outside their category. However at any point of time i.e., before or after reconstitution, the shareholding of persons belonging to the category under which the subject dealership was allotted should be at least 75% of total shares. If non-SC/ST spouse of SC/ST Proprietor / Partner(s) is inducted as partner, their share in the dealership shall be counted as SC/ST share.
3. The Sole Proprietor / all Partner(s) can resign from the dealership after 3 years of holding dealership and transfer his/her/their shareholding in favour of family member(s) /existing partner(s)/outside partner(s). However, in case of induction of outside category partner(s) in SC/ST dealerships, the share of incoming outside category partner(s) will be restricted to 25%.
4. In cases of death of the sole proprietor/all partners, reconstitution may be made in favor of the legal heir(s) / family member(s) with the consent of legal heir(s). In such case, induction of outside partner(s) will also be permitted. However, the maximum share of outside incoming partner(s) will be restricted up to 49% till a period of 3 years from the date of commissioning. In cases of death of the sole proprietor/all partners, if there is no eligible legal heir(s)/family member(s)/ nominee(s) of the Sole proprietor/Partner(s) or legal heir(s)/family member(s)/ nominee(s) of the Sole proprietor/Partner(s) express unwillingness, the dealership shall be terminated.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

5. In cases of death of partner(s), the dealership shall be reconstituted with the legal heir(s) / family member(s) with the consent of Legal heirs of the deceased partner(s). However, if there is no legal heir(s) or legal heir(s) have expressed unwillingness, the dealership shall be reconstituted with the surviving partner(s).
6. In case of incapacitation due to serious illness/accident of the proprietor/partner(s) resulting in total and permanent disability, which will disable him/her to work or follow any occupation or profession, the dealership may be reconstituted with family member(s) of the incapacitated Sole Proprietor/Partner(s) and/or with outside partner(s). In case the incapacitated proprietor/partner(s) wish to exit, it may be permitted even within 3 years of commissioning of dealership.
7. Facility of Nomination - Request for transfer of share consequent to Death / Incapacitation : Notwithstanding the above, Proprietor/Partner(s) of existing Dealerships may submit nomination form containing name(s) of person(s) {from among his/her/their legal heir(s)/family member(s)/outsider(s)} if he/she desires to transfer his/her share in the event of death or incapacitation resulting in total and permanent disability, which will disable him/her to work or follow any occupation or profession. The nomination form (**Annexure-E2**) duly sworn before a First Class Magistrate / Executive Magistrate / any other equivalent competent authority in the concerned state may be submitted upon commissioning of the RO. The Proprietor/Partner(s) will also have the option to change his/her nomination anytime. In case of partnership, partners may submit nomination separately but such nomination will have to be witnessed by other partner(s).

Upon demise or total incapacitation of the sole proprietor /partner(s), the OMC can allow induction of such nominee(s), as per last nomination on record, as proprietor/partner(s) provided he/she/they meet the eligibility criteria for reconstitution, as applicable without seeking consent from other legal heirs of the demised/totally incapacitated proprietor/partner(s). In case of more than one nominee, the shareholding of the deceased will be distributed among the nominated persons in the ratio mentioned in the last nomination or equally in case no share out is mentioned.

Along with the proposal for reconstitution, the surviving partner(s) and the nominee(s) will be required to submit Indemnity bond as per **Annexure-G2 & Annexure F2** respectively.

However, if the person(s) nominated express unwillingness to be inducted as proprietor/partner(s), or they are found ineligible, as per norms applicable for Dealership Selection other than age and education {viz. debarred from dealership under disqualification criteria as per the Dealer Selection Guidelines in vogue}, at that juncture, the firm can be



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

reconstituted with the other willing legal heir(s) or family member(s) of the deceased proprietor/partner(s) with the consent of the other legal heir(s).

8. In case of incapacitation resulting in total and permanent disability, if the proprietor/partner(s) is/are not in a position to give consent due to physical condition & has/have not submitted nomination form, then consent of the members of the family unit and married children would be required before reconstitution. At the time of reconstitution, the dealership should furnish appropriate indemnity bond indemnifying the OMC against any claim/damage. **(Annexure-R2)**.
9. Dispute in case of Induction of nominee / legal heir/ family member amongst partners: Partner(s) can transfer his/her shareholding in the dealership to Legal heir(s)/family member(s)/outsider(s), subject to adherence to applicable statutory provisions and the incoming partner meeting the eligibility criteria. However, if there is any dispute with regard to the induction amongst the surviving/existing partners, then in such cases the dispute may be resolved expeditiously by the dealership. In such cases, OMC would send a notice to all partners calling them for personal hearing to resolve the dispute for operation / reconstitution of dealership and take an undertaking from the dealership confirming to resolve the dispute within 6 months. In case any partner(s) does not attend, personal hearing may be given to the attending partners. However, communication on action proposed to be taken would be sent to all the partners.

During the dispute period, the dealership may be operated by the partner(s)/legal heir(s)/family member(s) as per the share out of existing partners prior to the induction of the new partners. OMC may allow operation of such dealership for a period of 6 months or as may be decided on case to case basis. If the dispute remains unresolved, then the dealership may be placed under "Holiday Scheme", giving the parties a reasonable time to settle their dispute and revert back for the dealership.

10. Temporary Arrangement for operation of dealership in case of death of proprietor /partner(s): In cases of death of proprietor / partner(s), temporary arrangement is to be made through legal heirs of the proprietor / surviving partner(s) to continue the dealership till formal reconstitution. OMC may allow operation of such dealership through Legal heirs of the proprietor / surviving partners for a period of 6 months after demise of dealer/partner(s) as may be decided on case to case basis. In case of non-receipt of reconstitution proposal, after expiry of 6 months, the Surviving partners should be given an option of "Holiday Scheme" to sort out their issues within reasonable time and revert back for dealership.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

11. Conviction of partner(s) by Court of Law: In a partnership firm, if any partner(s) gets convicted by Court of Law for any criminal case / moral turpitude cases, then in such case, OMCs may exercise their right to derecognize the existing set up, debar the convicted partner(s) and reconstitute the dealership **only** with the remaining partners.

If the control of the RO site is not with OMCs or with the remaining partner(s), then OMCs can permit resitment of the dealership in the same class of market within the same state. In case of locations in Delhi, dealerships may be allowed to offer land outside the state of Delhi but within NCR.

The restriction of time period of 3 years from the date of commissioning will not be applicable in such cases.

12. General condition for Induction of outside category partner in SC/ST Dealership: For dealerships belonging to SC/ST category, the dealer may make a request to induct minority partner from outside his/her category, in such cases the SC/ST dealer may be allowed to induct minority partner(s) from outside his/her category. However at any point of time i.e., before or after reconstitution, the shareholding of persons belonging to the category under which the subject dealership was allotted should be at least 75% of total shares. If non-SC/ST spouse of SC/ST dealer is inducted as partner in dealership, his/her share in the dealership shall be counted as SC/ST share.

In case of death/permanent incapacitation of SC/ST dealer, total share of the deceased/incapacitated dealer can be transferred to Non-SC/ST spouse or Non-SC/ST children {(legal heir(s))} as the case may be, which would be counted as SC/ST share.

In case of death/permanent incapacitation of SC/ST partner in a SC/ST category dealership having partner from outside the category of the dealership, and where there is no legal heir(s)/nominees(s) or legal heir(s) / nominee(s) have expressed their unwillingness, in such case the share of the deceased/ incapacitated SC/ST dealer can be transferred to any other person(s) belonging to the same category, there by maintaining the same category share at minimum 75%.

### **H. GENERAL CONDITIONS FOR RECONSTITUTION OF COMMISSIONED DEALERSHIPS**

1. All incoming proprietor/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. All incoming proprietor/partner(s) should not fall under disqualification criteria of Dealer Selection Guidelines in vogue. However,



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

relaxation with regard to age and minimum qualification of incoming proprietor/partner(s) can be considered in following cases;

- a. Relaxation in age can be considered in favour of nominee(s)/legal heir(s)/family member(s) in case of request for reconstitution is arising out of death / incapacitation. The maximum age limit will be relaxed in cases of reconstitution involving induction of partner from within family member(s). The minimum age requirement will be 18 years. In the event of nominee(s)/legal heir(s)/family member(s) being minor (below 18 years of age), the local guardian shall operate the Dealership till nominee(s)/legal heir(s)/family member(s) becomes a major. The local guardian should be a major and should be able to read, write and count.
- b. Relaxation on educational qualification can be considered in favour of nominee(s)/legal heir(s)/family member(s) in case of request for reconstitution arising out of death / incapacitation of the proprietor/partner(s). However, the candidate should be able to read, write and count.

In other cases i.e. other than (a) & (b) above, depending upon merit, relaxation on age & educational qualification can be considered and approved.

2. The share out of the proposed partnership firm would be decided by the continuing and incoming partners and the same should be mentioned in the Draft Partnership Deed to be submitted along with the Reconstitution proposal.
3. Multiple Dealership Norm: Multiple Dealership Norm as per Dealer Selection Guidelines in vogue would be applicable in all cases of reconstitution except in the following cases:
  - a) Where selection of the concerned dealership/distributorship was made prior to multiple Dealership norms came into existence. This relaxation shall be available only to spouse/children/grandchildren of the dealer.
  - b) For dealerships which were commissioned after multiple dealership norm came into existence and where two or more dealership/distributorship have been awarded to family member(s) comprising of spouse, father/mother, children/grandchildren (both married and unmarried). Relaxation would be given in cases of reconstitutions arising out of death/incapacitation in favour of other family member already holding a dealership subject to there being no other eligible / willing legal heir(s) / member of family unit (having no dealer/distributorship) for transfer of dealership.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

4. Indian citizen: The incoming proprietor / partner(s) should be Indian Citizen in line with Dealer Selection Guidelines. Cases where incoming legal heir(s)/ family member(s) is/are not Indian Citizen(s) they will be given 6 months' time to meet the Citizenship criteria.
5. Legal heir / Succession certificate: Legal heir / Succession certificate should be submitted to OMC to establish Legal heirs of the deceased Proprietor/Partner(s). In case the same is getting delayed, then the incoming partner/legal heir(s) can submit an affidavit, sworn before 1<sup>st</sup> Class Magistrate/ Executive Magistrate/ any other equivalent competent authority in the concerned state, by all the legal heir(s) of the deceased {including incoming legal heir(s)} declaring that they are the only legal heir(s) of the deceased. OMCs can approve reconstitution in such cases. However, the proposed proprietor/partner(s) of the reconstituted dealership will have to indemnify the OMC (**Annexure-S2**) against any claims or demands which may be made in future. Legal heir(s) from outside "family members" will be considered only if the "Will" made by deceased Proprietor/Partner(s) has been probated by the competent court.
6. In cases where Nominee(s) / Legal Heir(s) / Partner(s) is/are not traceable: In cases where one or more of the Nominee(s) / Legal heir(s) of deceased proprietor / Partner(s) is/are not available / not traceable and /or their present address is not known, then OMCs shall issue a notice {cost to be borne by surviving partner(s) / other legal heir(s)} in the highest circulated newspaper in the District concerned, seeking response/objection within 30 days from the date of notice on the proposed reconstitution of the firm & clearly stating that no further claim beyond the stipulated period of 30 days will be entertained. Additionally, the Notice would be sent under Regd/AD Post to the last known address of the deceased Partner(s) / Nominee(s) / Legal Heir(s) of deceased partner(s). Thereafter, the OMC can approve reconstitution of the dealership excluding such Nominee(s) / Legal heir(s) / Partner(s). However, the proprietor/partner(s) of the reconstituted dealership will have to indemnify the OMC (**Annexure-H2**) against any claims or demands which may be made in future.
7. In cases where Nominee(s) / Legal Heir(s) not responding: In cases where one or more of the Nominee(s) / Legal heir(s) of deceased proprietor / partner(s) have not given their consent within specified period of 30 days, another time period of 30 days (as reminder) shall be given to the nominee(s)/legal heir(s) for expressing their willingness to join the dealership failing which, it will be treated that they {non responding nominee(s)/legal heir(s) of deceased proprietor/partner(s)} are unwilling to be inducted in the Dealership and the OMC can approve reconstitution of the Dealership with the willing nominee(s)/legal heir(s). However, the surviving / incoming proprietor/partner(s) of the reconstituted Dealership will have to indemnify the OMC against (**Annexure-I2**) any claims or demands which may be made in future.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

8. In cases where there is dispute in share out: In case of dispute on share out between legal heir(s) of deceased proprietor / partner(s), the share of the deceased proprietor/partner(s) will be equally divided between all the willing incoming legal heirs. However, in this case the willing legal heirs proposed to be inducted in the dealership will have to indemnify the OMC against any claims or demands, which may be made in future.
9. In cases where there is no NOCs from Nominee(s) / Legal Heir(s) who are not eligible to become Dealer: In case of death, where one or more Nominee(s) / Legal heir(s) are not willing to give relinquishment or NOC in favour of incoming/surviving Proprietor/Partner (s) despite the fact that these Nominee(s) / Legal heir(s) may not be eligible to become dealer as per Disqualification norm of Dealer Selection guidelines, in such cases obtaining NOC/Relinquishment from such Nominee(s)/Legal heir(s) will not be mandatory. However, the onus would be on the surviving/incoming Proprietor/Partner (s) of the dealership to provide conclusive documentary evidence with regard to disqualification of such Nominee(s)/Legal heir(s) and OMC would also independently verify the authenticity of the same. In such cases, OMCs may issue a communication to the concerned Nominee(s) / Legal heir(s) to submit documentary proof with regard to their eligibility within 30 days from the date of the letter. In case no response is received, the OMC can approve reconstitution of the dealership excluding such Nominee(s) / Legal heir(s). However, the surviving/incoming Proprietor/Partner (s) of the dealership will have to indemnify the OMC against (Annexure-J2) any claims or demands which may be made in future.

For cases where letters written to such nominee(s) / Legal heir(s) gets returned undelivered. Such cases to be treated as "Nominee(s) / Legal Heir(s) / Partner(s) is/are not traceable" and further action is to be taken in accordance with the same.

10. In all cases where OMC approves reconstitution wherein consent of all the legal heir(s)/partner(s) could not be obtained then the proprietor / partner(s) of the reconstituted firm shall indemnify the OMC against any claims or demands which may be made by such Legal heirs/partner(s).
11. Before reconstitution of dealership, a meeting would be done with all the existing partners and incoming partners by OMC.
12. All proposals for reconstitution of dealerships shall be disposed of by the concerned OMC in a time bound manner within 90 days from the date of receipt of **complete** proposal.

**Note :** Family member(s) of Proprietor/Partner(s) are the members of the "Family Unit" (as defined in Dealer Selection Guidelines in vogue) and married children and/or grandchildren of the





## POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS

Proprietor/Partner(s).

### I. PROCESS OF RECONSTITUTION OF COMMISSIONED DEALERSHIPS :

The following process will be followed for disposal of reconstitution of commissioned dealership.

1. **Application** : The application for reconstitution, in the given format (**Annexure-A2, B2, C2 & Standard Affidavit D2**), will be submitted to the concerned Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, against acknowledgement. Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, will maintain a record for this purpose and each application will be acknowledged giving reference to a unique identification no. (Docket no.)
2. **Scrutiny at Divisional/Territory/Regional Office of IOC/BPC/HPC** : Concerned Divisional/Territory/Regional Office of IOC/BPC/HPC shall assess the eligibility of the incoming partner(s) in line with the Dealership Selection Guidelines in vogue and the relaxations provided hereinabove.
3. 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 (CMO) of Govt. Hospital of the district. Alternatively, the recommendation of Medical Board recognized by the Govt. can also be considered by the approving authority.
4. In case of death / incapacitation {incapacitation as defined under para G (8)} of proprietor/partner(s), on receipt of information regarding death/such incapacitation, a letter giving opportunity to reconstitute the dealership to nominee(s)/legal heir(s)/family member(s) will be issued, within 10 (ten) days of receipt of such information. Along with this letter, copy of application form for reconstitution of dealership and list / format of other documents and other relevant information to be submitted by the applicant, shall be sent. 30 (thirty) days' time will be given for submitting the application. In case of formal request for extending the time, the time can be further extended by another 30 days.

**In case the deceased/incapacitated {incapacitation as defined under para G (8)} Proprietor / Partner(s) had earlier appointed nominee(s), letter/information as mentioned above shall be first sent only to the concerned nominee(s). If the nominee(s) fails to respond within the stipulated period, subsequent letter/information shall be sent to the legal heir(s)/family member(s) of the deceased/incapacitated Proprietor / Partner(s).**



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

5. **Communication to Dealership** : Within 10 days from receipt of proposal, the Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable should send communication to the dealership;
- Informing reasons for rejection of proposal (on eligibility norms)
  - Informing short comings in the 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 documents. After receipt of revised proposal / documents, a new identification no. (Docket no.) shall be given.
  - Informing the date and time on which all existing partners along with proposed incoming partner(s) should visit the Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, for meeting with Divisional/Territory/Regional in-charge and verification of documents, for proposals found suitable in all respects. This date will be given with minimum notice of 15 days and not beyond 30 days. If a request from the dealership is received for changing the date of meeting, such request will be accommodated and next date with mutual consent would be fixed at the earliest but not later than 30 days. However, the OMC will not be responsible for delay in the process in this account.
6. **Meeting with existing/incoming Proprietor/Partner(s)** : On due date of meeting with all existing and proposed incoming partner(s), a committee of two officer will verify the identity of the individuals with photo identity cards and also verify the original documents with respect to eligibility criteria. Any one of the following photo identity cards will be reckoned for the above purpose.
- Aadhar Card
  - PAN Card
  - Passport
  - Voter ID
  - Photo ID card issued by Govt./PSU
  - Driving Licence
7. This will be followed by meeting of all existing and incoming partners with the Divisional/Territory/Regional Office in-charge of IOC/BPC/HPC, as applicable, along with the above mentioned committee.
8. In case an **existing** partner is unable to visit Divisional/Territory/Regional Office of IOC/BPC/HPC, as applicable, on the due date on account of serious illness / hospitalization or such other situation to the satisfaction of the OMC, competent authority may consider such case and approve the reconstitution proposal with specific reasoning.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

In case an outgoing partner(s) is living outside the country and is not in a position to visit the Divisional/Territory/Regional Office on the pre assigned date and time of the meeting, the outgoing partner(s) would be required to submit an affidavit (**Annexure-T2**) duly signed and notarized by the concerned Indian consulate in the country where the outgoing partner is living. Confirmation of the affidavit would also be obtained by the OMC by writing to Indian Consulate within 60 days. An indemnity (**Annexure-U2**) from the continuing partner(s) will also be taken in this regard.

9. **Disposal of proposal :** After the meeting, in case of the proposals found deficient and not suitable for approval, the proposal will be disposed of by sending communication on rejection of proposal. However, in case of proposals meeting norms, the same will be disposed of by conveying "in principle approval" with instruction for necessary formalities to be completed by the applicants giving 60 days' time.
10. Formats of application, standard affidavit, indemnity, nomination form, etc. are attached as Annexures to this guideline.

### **J. TIME LINES FOR DISPOSAL OF PROPOSALS FOR RECONSTITUTION OF COMMISSIONED DEALERSHIPS :**

All proposals should be disposed of within 90 days of receipt of **complete** proposals.

### **K. NON-REFUNDABLE APPLICATION PROCESSING FEE & RECONSTITUTION FEE FOR RECONSTITUTION OF COMMISSIONED DEALERSHIPS :**

#### **APPLICATION PROCESSING FEE :**

In all cases, the dealerships would be required to pay **non-refundable application processing fee of Rs.25,000/-** at the time of application, except under the cases mentioned below;

- a) In case where reconstitution is arising out of death/incapacitation of the proprietor / partner(s) and incoming partner(s) {provided they all are Legal heir(s) / family member(s)} proposes to hold the same share in Dealership as was with the deceased/incapacitated. Further, in cases where Legal heir(s) / family member(s) of deceased / incapacitated partner(s) is taking over shareholding of deceased / incapacitated partner(s) in addition to his or her existing shareholding will also be exempted.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

- b) For SC/ST category dealerships involving induction of partner(s) from same category. In cases involving induction of outside category partner(s) in SC/ST Dealership, no exemption will be given.

### **RECONSTITUTION FEE :**

Upon approval of reconstitution, the dealerships would be required to pay **a non-refundable reconstitution fee equivalent to Security Deposit amount as applicable under Dealer Selection Guidelines** in vogue, before execution of fresh dealership agreement, except under the cases mentioned below;

- a) In case where reconstitution is arising out of death/incapacitation of the proprietor / partner(s) and incoming partner(s) {provided they all are Legal heir(s) / family member(s)} proposes to hold the same share in Dealership as was with the deceased/incapacitated. Further, in cases where Legal heir(s) / family member(s) of deceased / incapacitated partner(s) is taking over shareholdings of deceased / incapacitated partner in addition to his or her existing shareholdings will also be exempted.
- b) For SC/ST category dealerships involving induction of partner(s) from same category. In cases involving induction of outside category partner(s) in SC/ST Dealership, no exemption will be given.
- c) For proposals involving induction of partner(s) from within “Family Unit” as defined in Dealer Selection Guidelines in vogue, without any exit/outgoing partner, and also when there is no change in the combined shareholding of family member(s). However, in case of exit by Proprietor/Partner(s) who is senior citizen(s) (> 60 years old) and relinquishing his/her share in favour of family member(s), reconstitution fee will be exempted.
- d) Proposals with or without induction of partners from within “Family” or without induction of partners from outside family (along with exit / outgoing partner) provided continuing partner(s) is / are holding at least 50 % share and maintains majority share in the dealership post reconstitution.
- e) For reconstitution of Dealerships where the Dealer {proprietor/partner(s)} is senior citizen(s) (> 60 years old), and inducting :
- (i) Married son / daughter
  - (ii) Spouse / children of deceased son / daughter



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

### **L. RECONSTITUTION OF PENDING CASES:**

#### **1. Cases where copy of dealership agreements are not available with dealer / OMC**

In such cases Dealership status would be ascertained by OMC from any type of record which is available like copy of Selection panel / LOI / LOA / copy of previous reconstitution approval / copy of income tax return / sales tax registration and returns or any other record / correspondence which can prove name of proprietor / partner(s). However, the basic documents like copy of Selection panel / LOI / LOA / copy of previous reconstitution approval will be treated as primary documents. Only if these are not available, the secondary documents like income tax returns, sales tax registration / returns, Retail Selling License given by State Govt. (with any name for selling petroleum products – as applicable), other statutory licenses and official correspondence would be taken into account for consideration.

An indemnity / affidavit (**Annexure-K2**) would be taken from the claimant / prospective dealer indemnifying Corporation against claim on dealership if the information is found incorrect.

In cases, where either primary or secondary documents are available and the Dealer(s) / Partner(s) are alive, new Dealership Agreement would be executed after obtaining approval of competent authority.

In all other cases of above scenario, i.e., for cases where Dealer(s) / Partner(s) have expired and their Legal heir(s) / Family member(s) are operating the Dealership, in-principle approval shall be first accorded by the competent authority. This in-principle approval shall be taken as a reference point for processing further reconstitution of the Dealership by inducting the Legal heir(s) / Family member(s) of the deceased Dealer(s) / Partner(s) with or without induction of outside partner(s) as per provisions made under clause nos. G, H, I, J & K of this policy.

#### **2. Cases where reconstitution proposal was approved in past but dealership agreements not yet executed.**

In such cases, the OMC would look into the reasons for non-execution of dealership agreement. If conditional approval was given in the past for reconstitution and the Dealership Agreement could not be executed due to non-compliance of the condition, the concerned OMC would assess the applicability of the condition under present situation and either get the condition complied or obtain approval for waiver of the condition from competent authority and execute the Dealership Agreement.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

If, reconstitution proposal was earlier approved and the Dealership Agreement could not be signed due to the death of proposed incoming proprietor / partner(s), the last approved proposal shall be taken as a reference point for processing further reconstitution of the Dealership by inducting the Legal heir(s) / Family member(s) of the deceased Dealer(s) / Partner(s) with or without induction of outside partner(s) as per provisions made under clause nos. G, H, I, J & K of this policy.

### **3. Cases where reconstitution have not been done due to non-availability / authenticity of legal heir(s) but is being operated by proclaimed legal heir(s).**

There are cases where reconstitution of the dealership was not done after the demise of the proprietor / partner(s) due to some reason and the Legal heir(s) has been operating the dealership without any claim / dispute from other Legal heir(s) for a very long time.

In such cases, Legal heir(s) of signatories of last agreement should be identified. Legal heir(s) from outside "family member(s)" will be considered only if the Will made by deceased signatory has been probated by the competent court. In case of SC/ST candidates, the Legal heir(s) will be considered only if they belong to the same category (except in case of induction of Non SC/ST spouse / children). After identification of all Legal heir(s), they will be invited by way of notice to apply for reconstitution of dealership as per the prescribed format.

In such cases concerned OMC will issue a suitable notice in the newspaper (cost of notice to be borne by the dealership) indicating that application has been received for reconstitution of the dealership in favour of the willing Legal Heir(s) and seeking response/objection, if any, from any other Legal heir(s) for such reconstitution within a time period of 30 days. Additionally, the Notice should be sent under Regd/AD Post to the last known address of the proprietor/partner(s)/Legal heir(s).

In case no objection is received within the time period specified, the proposal received from the Legal heir(s) will be scrutinized and New dealership agreement will be signed with dealer(s) subject to approval from competent authority and after taking suitable indemnity **(Annexure-L2)** from them.

In case where all Legal heir(s) fail to come to a common understanding within the given time or fail to submit a suitable proposal to the satisfaction of the OMC, further action would be initiated as per provisions made under clause no. G (9) of this policy.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

### **4. Cases where dealership is being operated by one or more partners after exit or prolonged absence of partner(s) from the dealership without approval of OMCs**

There are cases where Dealership is being operated by one or more partners after exit or prolonged absence of partner(s) from the dealership, without approval of OMCs. The dealership has been operating without any claim / dispute from the partner(s), who have exited from the dealership/have been absent for a very long time.

The remaining partner(s) will be invited by way of notice to apply for reconstitution of dealership as per the prescribed format. The proposal received from the Partner(s) will be examined for processing reconstitution of the Dealership by the Divisional/Territory/Regional Office in-charge.

In such cases the OMC concerned will also issue a suitable notice in the newspaper (cost of notice to be borne by the dealership) indicating that application has been received for reconstitution of the dealership in favour of applicants and seeking response/objection, if any, for such reconstitution from the concerned partner(s) / their legal heir(s) (if the partner(s) have expired) within a time period of 30 days. Additionally, the Notice would be sent under Regd/AD Post to the last known address of the partner(s).

In case no objection is received within the time period specified, the proposal received from the remaining partner(s) will be scrutinized and New dealership agreement will be signed with dealer(s) after obtaining approval from the competent authority and after taking suitable indemnity (**Annexure-M2**) from the dealership.

In case where objection is received from absentee/exited partner(s) / their legal heir(s) (if the partner(s) have expired) and/or in case the remaining partner(s) fail to submit a suitable proposal to the satisfaction of the OMC, further action would be initiated as per provisions made under clause no. G (9) of this policy.

### **5. Cases where constitution is currently in line with approved set up and past deviations have been rectified.**

There are cases where unauthorized persons had operated the dealership fully or in association with the proprietor/partner(s). However, the dealership has rectified or requested for rectification of the mistake and reverting to last approved set up. Such actions can be condoned by OMC on onetime basis after taking a suitable letter from the dealer indicating complete details of the mistake done in the past along with an undertaking (**Annexure-N2**) requesting for condoning the past actions and confirming to abide by the provisions of dealership agreement in the future.



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

Such mistakes can be condoned by the competent authority after issuing a Letter of warning and levying a penalty fee of Rs.2 lakhs. As no reconstitution is taking place, no application processing fee or reconstitution fee will be applicable in such cases.

### **6. Cases where proposed constitution requires recognition of induction of Partner(s) in the past without approval of OMC**

There are cases where dealerships have inducted outside partner(s) without taking approval from OMC. In such cases the proprietor/partner(s) operating the dealership would be required to make an application indicating complete details of the case and requesting for condoning the past actions and confirming to abide by the provisions of dealership agreement in the future. The proprietor/partner(s) would also be required to submit complete proposal for induction of the outside partner(s). Upon request from the dealership, such proposal would be considered.

The proposal received from the dealership will be scrutinized and New dealership agreement will be signed with dealer(s) after obtaining approval from Competent Authority and after taking suitable indemnity (**Annexure-O2**) from the dealership.

However, upon reconstitution the dealership would be warned by issuing a Letter of warning and levying a penalty fee of Rs.5 lakhs.

### **7. Cases of total change over in past where proposed constitution requires approval for induction of "family member(s)" or "blood relative" of approved signatory**

There are cases where proprietor / partner(s) have given control of the dealership to their "family member" or "Blood Relative" without taking approval from OMC.

List of blood relatives will be defined as per Section-56(2) (v) (Explanation) of Income Tax Act 1961 (permitting receipt of any sum of money from any "relative"), as under :

- Spouse of the individual
- Brother or Sister of the individual
- Brother or Sister of the spouse of the individual
- Brother or Sister of either of the parents of the individual
- Any lineal ascendant or descendant of the individual
- Any lineal ascendant or descendant of the spouse of the individual
- Spouse of the persons referred in above six categories





## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

In such cases the "family member(s)" or "blood relative(s)" of approved signatory of the dealership would make an application indicating complete details of the case and requesting for condoning the past actions and confirming to abide by the provisions of dealership agreement in the future. The "family member(s)" or "blood relative(s)" of approved signatory of the dealership would also be required to submit complete proposal for reconstitution. Upon request, such proposal would be considered.

The proposal received from the dealership will be scrutinized and New dealership agreement will be signed with dealer(s) after obtaining approval from Competent Authority and after taking suitable indemnity (**Annexure-P2**) from the dealership

However, upon reconstitution the dealership would be warned by issuing a Letter of warning and levying a penalty fee of Rs.5 lakhs

### **8. Cases of Total change over in past where no signatory {including legal heir(s)/ family member(s)/blood relative(s)} is part of set up**

There are cases where the approved proprietor / partner(s) have exited the dealership totally and it is being operated by persons who are neither legal heir(s) nor family member(s) / blood relative(s) of the dealer.

In such cases the person(s) operating the dealership would make an application indicating complete details of the case and requesting for condoning the past actions and confirming to abide by the provisions of dealership agreement in the future. The person(s) operating the Dealership would also be required to submit complete proposal for reconstitution. Upon request from the dealership, such proposal would be considered

In such cases the OMC concerned will issue a suitable notice in the newspaper (cost of notice to be borne by the dealership) indicating that application has been received for reconstitution of the dealership in favour of applicants and seeking response/objection, if any, for such reconstitution from the concerned partner(s) / their legal heir(s) within a time period of 30 days. Additionally, the Notice would be sent under Regd/AD Post to the last known address of the Proprietor/partner(s).

In case no objection is received within the time period specified, the proposal received from the dealership will be scrutinized and New dealership agreement will be signed after obtaining approval of the Competent Authority and after taking suitable indemnity (**Annexure-Q2**) from the dealership



## **POLICY GUIDELINES FOR RECONSTITUTION OF RETAIL OUTLET / SKO-LDO DEALERSHIPS**

However, upon reconstitution the dealership would be warned by issuing a Letter of warning and levying a penalty fee of Rs.15 lakhs for “B” site Regular ROs (Rs.5 lakhs for Rural ROs) and Rs.30 lakhs for “A” site Regular ROs (Rs.10 lakhs for Rural ROs).

### **9. Conditions for Reconstitution of dealerships in respect of Reconstitution of pending cases:**

- a) In all the above cases, reconstitution of the dealerships is to be done as per the above guidelines and conditions for reconstitution as applicable for that case.
- b) For cases appearing under clause no. L- 5, 6, 7 & 8 the dealerships would be given the opportunity to reconstitute as stated above, on onetime basis.
- c) The applicable penal fee should be collected before execution of agreement.

Dealerships requiring reconstitution and falling under above categories should submit requisite proposal by 30.06.2019.

After the expiry of the given period, i.e., 30.06.2019, if there is any such dealership which requires reconstitution and proposals were not submitted within the above mentioned time, action shall be taken as per the provisions of Dealership Agreement including termination of dealership.

**Note :** Family member(s) of Proprietor/Partner(s) are the members of the “Family Unit” (as defined in Dealer Selection Guidelines in vogue) and married children and/or grandchildren of the Proprietor/Partner(s).

### **M. TIMELINES FOR DISPOSAL OF APPLICATIONS :**

All proposals should be disposed of within 90 days of receipt of **complete** proposals.

### **N. GRIEVANCE REDRESSAL :**

In case of any grievance in the matter of reconstitution, the applicant will submit his/her petition to the Retail Head of State/Zone of IOC/BPC/HPC, as applicable, who will have the grievance investigated and dispose the case within a period of one month’s time from the date of receipt of grievance.

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