



**Updated on 29.07.2013**

**Sub: Revised Policy guidelines for Reconstitution RO Dealerships/LPG Distributorships/SKO-LDO dealerships**

1 Following guidelines on Reconstitution are issued based on MOP&NG letter No. P-19011/5/2005-IOC dated 16.10.2008 advising broad guidelines on reconstitution of RO dealerships/LPG Distributorships/SKO-LDO dealerships.

**2 Reconstitution at Letter of Intent (LOI) stage**

No reconstitution of dealership/ distributorship will be allowed at LOI stage, irrespective of categories of such dealership except under the following conditions :

**2.1** 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 :

**2.2 Where substantial investment towards commissioning of dealerships/ distributorships has been made by the LOI holder:**

- (i) LOI may be transferred to the legal heir of the deceased/ incapacitated LOI holder.
- (ii) In case of partnership, reconstitution may be allowed with the legal heir of the deceased/ incapacitated original partner.
- (iii) The legal heir will have to fulfill multiple dealership norms and other eligibility criteria, as applicable for Dealer Selection under Open category (and should submit relevant and suitable caste certificate for SC/ST, wherever applicable), prevailing at the time of selection of LOI holder, except age and educational qualification.
- (iv) The minimum age requirement for the legal heir will be 18 years. If the legal heir is a minor, the local guardian shall operate the dealership till the legal heir becomes a major.
- (v) There will not be any minimum educational qualification criteria. However, the candidate must be able to read, write and count.
- (vi) The legal heir will be interviewed by the interview committee consisting of concerned DRSM / AM along with two other Officers of minimum D grade – to be nominated by State Retail / LPG Head - preferably from the concerned Department.

### **2.3 Where substantial investment towards commissioning of dealerships/distributorships has not been made :**

- (i) In case of allotment to individual, the candidature of the legal heir will be evaluated vis-à-vis that of the next empanelled candidate as per the prescribed evaluation criteria prevailing at the time of selection of the original LOI holder.
- (ii) In case of allotment to partnership, the candidature of the new partnership formed by the surviving partner(s) with the legal heir of the deceased/ incapacitated partner will be evaluated vis-à-vis that of the next empanelled candidate as per the prescribed evaluation criteria prevailing at the time of selection of the original LOI holder
- (iii) In all cases, the legal heir will have to fulfill multiple dealership norms and other eligibility criteria, as applicable for Dealer Selection under Open category and should submit relevant and suitable caste certificate for SC/ST, wherever applicable.
- (iv) Cases under Corpus Fund category will also be covered by this provision.
- (v) In such cases, in order to give a fair opportunity to other empanelled candidates and the legal heir of the deceased/ disabled 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. 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 with the approval of competent authority, fresh LOI will be issued after cancellation of earlier LOI.

### **2.4 Induction of minority partner in SC/ST dealership in cases where land is required by the Corporation for development of Retail Outlet**

Where RO dealerships have been allotted under SC/ST category, induction of minority partner from the same category will be allowed only in cases where land is required by the Corporation for development of Retail Outlet. The incoming partner shall meet all the following conditions:

- (i) To bring in the suitable land for setting up of subject RO
- (ii) Should be the owner of the land with clear title in his / her name and in physical possession of the subject land.
- (iii) In case land is jointly held by him/ her with other family members then he/she shall have to submit the "No Objection Certificate" from all the joint holders of the land. Family for this purpose is defined as consisting of father, mother, spouse, son(s) and daughter(s) and
- (iv) Should be agreeable to lease/ sell the land to the concerned OMC.

Following steps will be taken in such cases:

- (i) Based on request from LOI holder and application for dealership from proposed incoming partner for dealership, the application will be scrutinized to confirm the eligibility of incoming partner for the dealership as per prevailing dealer selection criteria like age, education, multiple dealership norms, caste certificate etc. Being SC/ST location, evaluation under head "capability to arrange finance" will not be required.
- (ii) The land will be evaluated by the designated committee as per dealer selection policy.

- (iii) If land is found suitable, the negotiation should be conducted as per prevailing policy for procurement of land.
- (iv) After successful negotiations, the incoming partner will be interviewed by the committee consisting of concerned DRSM along with two other Officers of minimum D grade – to be nominated by State Retail Head - preferably from the Retail. The purpose of interview will be to establish the suitability of the candidate with respect to eligibility criteria for the subject dealership. No separate document based evaluation or interview based evaluation will be required in such cases.
- (v) The recommendations of the committee will be put up for approval of State Head. Along with this proposal, approval of competent authority for procurement of land will also be obtained.
- (vi) After above approvals, a letter confirming IOC's acceptance of offer for land at the negotiated terms should be issued by DRSM to the incoming partner with a copy to existing LOI holder. After procurement of land by way of lease or outright sale, revised LOI will be issued by DRSM after approval of State Retail Head.

## 2.5 General conditions:

- (i) Substantial investment would be defined as under for uniform understanding:  
"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/ LPG Godown and carried out land development work including compound wall/ fencing."
- (ii) The request for reconstitution on account of total and permanent disability will be considered based on submission of certificate to this effect from Chief Medical Officer of Govt. hospital of the District. Alternatively, the recommendations of Medical Board recognized by the Govt. and constituted by the Corporation can also be considered by the State Head.
- (iii) On receipt of information regarding death of LOI holder, a letter giving opportunity to legal heirs will be issued by the DRSM / Area Manager within 10 days of receipt of such information. Along with this letter, copy of application form for dealership / distributorship and list / format of other documents and other relevant information, to be submitted by the applicant, will be sent. 30 days time will be given to the legal heirs for submitting the application. In case of formal request for extending the time, the time can be further extended by another 30 days by DRSM / AM.
- (iv) The filled in application received from the legal heir/s should be scrutinized by the DO / AO and forwarded within 10 days to State Retail Head / LPG Head for further necessary action and approval of State Head. Wherever decision for transfer of LOI is based on the result of evaluation of proposed incoming partner, evaluation by L-I committee as per prevailing norms (at the time of selection of original LOI holder) will be carried out before interview.
- (v) The transfer of LOI should be done within six months from the date of occurrence of vacancy due to death/ incapacitation.

## 2.6 Approving authority

State Head will be competent authority for all cases of reconstitution at LOI stage.

## **3 Reconstitution of Commissioned dealerships/ distributorships**

- 3.1 Re-constitution will be permitted for induction of minority partner(s) only after five years of commissioning of dealership/distributorship.
- 3.2 Subsequent re-constitution shall be considered only after five years from the date of the last re-constitution.

- 3.3 Partner(s) can resign from the dealership/distributorship after 10 years of holding dealership/distributorship. In the event of resignation by a partner(s), the remaining partner(s) put together shall hold the controlling stake i.e. at least 51% shares in the dealership/distributorship.
- 3.4 In cases of death of the sole dealer/distributor, reconstitution may be made in favour of the legal heir. However, if there is no legal heir(s) or legal heir(s) has expressed unwillingness, the dealership/ distributorship shall be terminated.
- 3.5 In cases of death of one of the partner(s), the partnership shall be reconstituted with the legal heir(s) of the deceased partner(s) and surviving partner(s). However, if there is no legal heir(s) or the legal heir(s) has expressed unwillingness, the dealerships/distributorship shall be reconstituted with the surviving partner(s).
- 3.6 In case of incapacitation due to serious illness/ accident of the dealer/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.
- 3.7 The restriction of time period of 5 years as mentioned in 3.1 above will not be applicable in the following cases :
  - (i) Need for re-constitution on account of death/ incapacitation of the proprietor/ partner.
  - (ii) In Sole proprietorships if the proprietor is above the age of 60 years or is a widow of defence personnel.
- 3.8 The disposal of request for reconstitution of commissioned dealership / distributorship will be handled as per procedure / guidelines given in para 6.
- 3.9 The Sole Proprietor irrespective of age may be allowed to resign from the dealership (after serving the dealership/distributorship for minimum 10 years) provided the transfer of share is proposed in favour of his/her family member as defined in the selection guidelines. 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. State Head will be the approving authority (in consultation with State Law) for proposals put up for reconstitution under this provision.

#### **4 Induction of outside category partner in SC/ST dealership / distributorship**

- 4.1 For dealerships/ distributorships belonging to SC/ST category, depending upon the requirement of the finance/ expertise in order to meet the Competition/ growth, the dealer / distributor may require to induct a minority partner from outside his category. In such cases, the SC/ST dealer / distributor 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 dealership/ distributorship was allotted should be atleast 75% of the total shares. If non SC/ST spouse of SC/ST dealer/ distributor is inducted as partner in the dealership/ distributorship, his/ her share in the dealership / distributorship shall be counted as SC/ST share.
- 4.2 Following steps will be taken in such cases :
  - (i) Based on request from dealer / distributor and application for dealership/ distributorship from proposed incoming partner for dealership, the application will be scrutinized at DO / AO to confirm the eligibility of dealership / distributorship for such reconstitution and the eligibility of incoming partner for the dealership / distributorship as per prevailing

dealer selection criteria like age, education, multiple dealership norms, etc.

- (ii) Within 10 days of receipt, the proposal along with recommendations will be forwarded by DRSM / AM to State Retail / LPG Head.
- (iii) A three member interview committee consisting of State Retail Head, State LPG Head and one more HOD of the State Office (F grade and above) – will be nominated by State Head – will evaluate the incoming partner on prevailing dealer selection criteria (the evaluation will be done on all parameters except land and infrastructure to confirm the suitability of proposal).
- (iv) The proposal will be further processed for approval of State Head in cases where incoming partner secures minimum 60% marks in finance and also minimum 60% of the total.
- (v) The recommendations of the committee will be put up for approval of State Head for induction of outside category person (maximum 25% share) in SC/ST dealership.

## 5 General Conditions of Re-constitution

5.1 All incoming partners should fulfill all the basic requirements for becoming a dealer/ distributor on various criteria such as age, educational qualification, multiple dealership norms etc.

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

- (i) **Relaxation on age** can be considered in favour of legal heirs/ “family” member (as per prevalent dealer selection guidelines) in case of request for reconstitution arising out of death / incapacitation of the dealer. DRSM / AM can approve such relaxation. In the event of legal heir being minor (below 18 years of age), the local guardian shall operate the dealership / distributorship till the legal heir becomes a major.

### **Note for reconstitution of LPG distributorships only :**

The maximum age limit will be relaxed from 45 years in cases of reconstitution involving induction of partner from within `family` / legal heirs.

- (ii) **Relaxation on educational qualification** can be considered in favour of legal heirs/ “family” member (as per prevalent dealer selection guidelines) in case of request for reconstitution arising out of death / incapacitation of the dealer. DRSM / AM can approve such relaxation. However, the candidate should be able to read, write and count.

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

5.4 With regard to the multiple dealership norm, the same will not be applicable to the dealerships/ distributorships commissioned before the multiple dealership norm came into existence. This relaxation shall be available only to spouse/children/grand children of the dealer/ distributor.

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

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

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

## **6 Process of Reconstitution :**

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

### **6.1 Application :**

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

### **6.2 Scrutiny at DO/AO :**

The original application form will be given to concerned Functional Manager in DO / AO (looking after the Sales Area from where the application has come). He will evaluate the proposal for :

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

### **6.3 Communication to dealer/ distributor :**

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

Communication to dealer will be sent informing:

- i. Reasons for rejection of proposal (on eligibility norms)
- ii. Shortcomings 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 docket number will be given.
- iii. For proposals found suitable in all respects, the date and time on which all existing partners along with proposed incoming partner should visit Divisional Office / Area Office for meeting with DRSM/AM and verification of documents. This date will be given with minimum notice of 15 days and not beyond 30 days.
- iv. Copy of the application along with annexures will be sent to concerned field officer and to State Law Head to offer comments within 15 days (for examining the legal aspects).

#### **6.4 Meeting with partners :**

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

On due date of meeting with all existing and proposed incoming partner/s, the Field Officer and concerned Manager will verify the identity of individuals with photo identity cards and also verify the original documents with respect to eligibility criteria. Photocopy of identity cards of all the partners duly signed by them with date will be kept in record with counter signatures of Field Officers and concerned Manager.

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

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

#### **6.5 Disposal of proposal at DO/ AO :**

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 DM / AM will be forwarded within 7 days to concerned Functional Head in State Office (Retail / LPG Head) for necessary action at State Office / approval of State Head.

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

State Retail Sales/ LPG Head will also institute regular monitoring System in the State office to facilitate review/ monitoring by the State Head.

All movement of files must be recorded through the e-file tracking system introduced recently.

## **7 Approving authority for reconstitution of commissioned dealership / distributorship:**

- (i) State Head will be the approving authority in following cases:
  - Induction of outside category partner in SC/ST category dealership
  - Reconstitution in cases where existing partner/s have failed to attend the meeting with DRSM/AM or with two member team deputed by DRSM /AM for this purpose.
  - Cases involving relaxation to incoming partner on the education criteria beyond the authority of DRSM / AM.
  - Cases involving resignation of sole proprietor from dealership (after serving the dealership for more than 10 years), proposing to transfer his / her share in favour of one of his / her family member as defined in the selection guidelines.
- (ii) DRSM / AM will be the approving authority in all other cases

## **8 FEES**

### **8.1 Application processing fee:**

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

- (a) In cases where reconstitution is arising out of 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) Dealership belonging to SC/ST and other Corpus Fund category.
- (c) A Sole Proprietor willing to resign from the dealership as mentioned in para 3.9 above.

However, in cases involving induction of outside category partner in SC/ST dealership, no exemption will be given.

### **8.2 Reconstitution fee:**

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

- (i) Proposals involving induction of partner from within "Family" (without any exit / outgoing partner) as defined in prevailing dealer selection guidelines.
- (ii) Proposals with or without induction of partner from within "Family" or without induction of partner from outside "Family" (along with exit / outgoing partner) provided continuing partner(s) is (are) holding atleast 50% share and maintain majority share in the dealership post reconstitution.



- (iii) Involving induction of legal heir after death / incapacitation of dealer/s provided incoming partner/s proposes to hold the same share in partnership as was with the deceased / incapacitated dealer. Further, in cases where legal heir of deceased / incapacitated partner is taking over shareholding of deceased / incapacitated partner in addition to his / her existing shareholding will also be exempted from reconstitution fee.
- (iv) for SC/ST dealership involving induction of partner from SC/ST category.
- (v) Senior Citizen partner (> 65 years old) inducting :
  - (a) Married son / daughter
  - (b) Spouse / children of deceased son / daughter.
- (vi) A Sole Proprietor resigning from the dealership (after serving the dealership/distributorship for minimum 10 years) provided the transfer of share is proposed in favour of his/her family member as defined in the selection guidelines.

## **9 Timelines for disposal of applications:**

All proposals should be disposed off as per timelines given in the policy. Reasons for delay, if any, will have to be recorded at each and every stage. DRSMs / Area Managers, State Retail / LPG Heads will periodically review and furnish MIS giving details of cases cleared and pending beyond allowed timelines with reasons for delay and plan for disposal. State Heads will periodically review the progress and status of cases pending at different stages and take corrective action to ensure disposal at the earliest. Under no circumstances, any proposal should remain pending with Corporation for more than 90 days.

## **10 Grievance redressal:**

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

## **11 Communication to dealer and public:**

The new policy will be hosted on IOC's website along with application form and details of enclosures. A suitable communication to all dealers should be sent by the State Offices. The new policy should also be discussed and explained with dealers / distributors at all forums during interaction.