

Reconstitution of dealerships/distributorships

I. Reconstitution at Letter of Intent (LOI) stage

No reconstitution of dealerships/distributorships should be allowed, at LOI stage, irrespective of categories of such dealerships/distributorships, except under following conditions :

- i) In the event of death/ incapacitation due to serious illness/ accident (to be certified by a Medical Board recognized by the Government) of an LOI-holder before commissioning of the dealership/distributorship, the LOI can be transferred to his/her legal heir in case substantial investment towards commissioning of the dealership/ distributorship has been made by the LOI holder before his/her death/ incapacitation. The amount that will constitute a ‘substantial investment’ will be decided by the Oil Marketing Companies (OMCs) jointly in order to have uniformity. The legal heir will have to satisfy the multiple dealership norms and other criteria for normal selection. However, as regards minimum age and minimum qualification, the OMCs may allow relaxation depending on merit. If the legal heir is a minor, the local guardian shall operate the dealership/ distributorship till the legal heir becomes a major. This transfer of LOI should be done within six months from the date of occurrence of vacancy due to death/ incapacitation.
- ii) Further, in cases where substantial investment has not been made by the LOI holder before his/ her death/incapacitation, the OMCs concerned, in order to give a fair opportunity to other empanelled candidates and the legal heir of the deceased/ incapacitated LOI holder, will evaluate afresh the candidature of the legal heir vis-à-vis that of the other empanelled candidates as per the prescribed selection criteria.

LOI will then be issued to the candidate selected after this fresh evaluation.

II. Reconstitution within family

1. The definition of family for the purpose of reconstitution of dealership/distributorship shall be the same as defined in the guidelines for selection of dealer/distributor, which means that the 'family' will consist of the individual, his/her spouse and unmarried son(s) and unmarried daughter(s).
2. The incoming family member will have to satisfy the multiple dealership norms and other criteria for normal selection. However, as regards minimum age and minimum qualification, the OMCs may allow relaxation depending on merit.
3. There will be no restriction of time period for reconstitution within family.

III. Reconstitution outside the family

1. Reconstitution outside the family can be done only under the following circumstances without any restriction on time period:
 - i) In case of the death of the sole dealer/distributor, in favour of the legal heir. However, if there is no legal heir(s) or the legal heir(s) has expressed unwillingness, the dealership/distributorship shall be terminated.
 - ii) In case of death of a partner in a partnership firm, in favour of the legal heir(s). However, if there is no legal heir(s) or the legal heir(s) has expressed unwillingness, it can be reconstituted with the remaining partner(s).
 - iii) In case of incapacitation due to serious illness/ accident (to be certified by a Medical Board duly recognized by the Government) of dealers/distributors/partner, he/she may induct a minority partner.
 - iv) In case where the age of the dealer/ distributor/ partner is more than 60 years, he/she may induct a minority partner.

2. The incoming person will have to satisfy the multiple dealership norms and other criteria for normal selection. In case the legal heir does not meet the eligibility criteria as applicable to selection of dealer/distributor, he/she may induct a minority partner who satisfies the eligibility criteria.

3. It is likely that some of the dealerships/distributorships commissioned on the basis of selection based on earlier guidelines which contained an income ceiling of rupees two lakhs for the prospective dealer/distributor, may face financial constraints in running the dealerships/ distributorships and may need some infusion of funds. This aspect may be thoroughly examined by a committee of the oil industry and they may consider whether there will be any need for induction of financial partner in such cases. If so, they may suggest suitable guidelines on industry basis to deal with such cases including stipulation of time period for such reconstitution. Once a financial partner is inducted subsequent reconstitution may be made only on the grounds mentioned in paras 1 (i) to (iv) above.

4. The guidelines to be observed while reconstituting outside the family :

i) Original/ last approved allottee shall always have the majority share.

ii) For dealerships/distributorships belonging to SC/ST category, the incoming partner should also be from amongst SC/ST. Wherever an SC/ST dealer has married a non-SC/ST, reconstitution for inclusion of spouse, who is non-SC/ST, may also be permitted.

IV. Other conditions for reconstitution :

1. New partner(s) will be approved by the OMC concerned after verifying genuineness of the ground for reconstitution and eligibility of the incoming person.

2. The OMC concerned will ensure that, generally, the original LOI holder continues to benefit from the dealership/ distributorship as originally intended and continues to be responsible for the efficient and proper operation of the dealership/ distributorship and that functioning of the dealership does not become a 'benami' operation. The incoming person(s) will also be equally responsible for smooth and efficient operation of the dealership/distributorship.

3. In case of partnership firms, if the legal heir(s) expresses unwillingness to carry on the business, the dealership/distributorship will be reconstituted with the remaining partners after obtaining no objection certificate from the legal heir(s) and after considering any 'will' made by the deceased/ incapacitated allottee.

4. The proposals for reconstitution will be approved at an appropriate level as the OMC may decide. However, reconstitution may be permitted only after settlement of dues, if any, to the company and also court cases, if any.
