

No. P-29022/14/2015-IOC
Government of India
Ministry of Petroleum & Natural Gas

Shastri Bhawan, New Delhi
Dated: the 24th October, 2016

To

D. S. Datta
25/10/16
The Director (Marketing),
Bharat Petroleum Corporation Limited,
Mumbai.

Sub : Restoration of Retail Outlet Dealerships terminated on account of Non-Performance.

Sir,

I am directed to refer to BPCL's letter No.RSHQ:C2:204 dated 24 August, 2016 submitted on behalf of the industry on the subject cited above and to convey the approval of the Ministry for the following :

- (i) An industry ED Level Committee consisting of ED Retail Sales / Retail of IOCL, BPC & HPC will review the balance 16 terminated RO dealerships. Thereafter, if the terminated dealership is found suitable for restoration, the case(s) would be put up for approval of the respective Board/sub-committee of Board for restoration of the dealership.
- (ii) Authority to respective Oil Company Board/Sub-committee of Board to approve restoration of terminated RO on non performance ground on the recommendation of industry ED level committee.
- (iii) Besides review of the 16 cases (from April 2010 to October 2015), as per appeal provision included in MDG since 1.8.2005, all cases of termination since 1.8.2005 due to non performance (i.e. low sales) on the grounds of not meeting the target by the dealer for a prolonged period may be reviewed as per the modalities mentioned in para (i) above, subject to the conditions that there were no additional ground for termination like critical irregularity under MDG, RO being Benami, resignation by dealer and the ROs have not been divested/de-commissioned/site surrendered.
- (iv) The terminated dealer may put up a request justifying their case for restoration to the respective oil companies.
- (v) At the time of restoration, the dealer shall be required to provide :
 - a. Security deposit as per prevailing guidelines.
 - b. Affidavit for meeting the Multiple dealership norms.
- (vi) To facilitate restoration of the terminated RO, reconstitution will be permitted as per prevailing guidelines.

(vii) The opportunity for restoration of ROs terminated due to non performance i.e. low sales on the grounds of not meeting the target shall be given a one time opportunity.

(viii) In future, ROs performing less than their potential are to be reviewed by each oil company, every six months and the details of counseling/guidance and action plan given to the dealer to be recorded along with signature of the dealer. In case, the dealer is not complying with the guidance/action plan suggested and sales continues to be less than the potential after three months of 2nd meeting dealer is to be given an option for going on a holiday for 2 years as per "Holiday" scheme. The 'Holiday' Scheme is as under:-

(a) A number of industry Retail Outlets remain closed/low selling due to various reasons such as temporary financial problems of the dealer, dispute among family members/ partners after the death of proprietor/partner(s) etc. Besides causing hardships to the motoring public it also results in loss of sales/brand image and nil/under utilization of Company owned facilities at outlets.

(b) In such cases, there is a need to provide some reasonable time to the concerned dealers to overcome/resolve the issues and realize sales to the full potential of the RO sites.

(c) Hence, whenever a RO is closed/low selling for reasons as mentioned at (a)&(b) above, the dealership may be taken over and sales be restored by appointing an ad-hoc dealer, as per the extant policy. This will provide reasonable time to the concerned dealer to overcome/resolve the issues to resume dealership operation. The dealership shall be put on "Holiday" and shall be given specific time bound target for working on the plans which should result into normal operation of the RO by him/her, on mutually agreed terms.

(d) In case of "A" site/CC site RO, the site is already in the name/possession of the OMCs as a leased site/outright purchase and the site can be straight away taken over in the event of Dealer availing the Holiday scheme. However, no compensation shall be payable to the dealer based on Sales Volume.

(e) In case of "B" site/ "DC" site RO, negotiation can be done with the dealer/landowner to provide lease of the RO premises as is done for any site being taken on lease/leave and licence by Corporation only with the exception that the lease/leave and licence can be short term depending upon the period for which the RO is being handed over to OMC. However, no compensation shall be payable to the dealer based on Sales Volume.

(f) A statement of account of the dealership shall be prepared by the OMCs and any outstanding amount shall be recovered from the dealership /Security Deposit available with OMCs. The existing dealer shall be explained the reasons for Holiday in writing and the proposed action plan with timelines for restoring/proposed handing over the RO to original dealer, upon overcoming of the financial problems/dispute.

(g) The Ad-hoc dealer shall be appointed as per prevailing guidelines with the exception that the tenure of ad-hoc dealership shall be upto 2 years i.e. in line with the tenure of Holiday extended to the closed RO/low selling RO dealer. However, it can be extended further, in case the dealer on Holiday resigns/or doesn't come forward to take over after Holiday period, by 4 months or till such time the RO is divested, whichever is earlier.

(h) In case the Original dealer or the legal heirs/partner(s) of "B" (DC sites) do not resolve the issue and do not take up the management/operation of the RO dealership after completion of the Holiday period, OMCs may look into their commercial interest extend the holiday scheme by exploring the option of long lease, a new adhoc dealer shall be appointed after every 2 years as per prevailing adhoc dealership selection policy.

(i) The dealer on Holiday shall be allowed reconstitution of the dealership as per the prevailing guidelines at the time of taking over back by the dealer.

(j) The RO will be restored to the original or to the reconstituted (whichever applicable) dealer at the end of the Holiday time period.

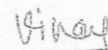
(k) The period for a dealer to be put on/avail the Holiday scheme shall be upto 2 years, unless extended as per clause (h), above. However, the dealer shall have the option to seek restoration of the RO before 2 years with an undertaking that after restoration the RO shall sell to the potential/target set by the OMC.

(l) This opportunity under "Holiday" Scheme would be available to the dealers only once.

(ix) In case, the dealer is not willing to avail holiday scheme facility after the 2nd counselling session as mentioned at para (viii) above, and continues low sales, show cause may be issued after 3 months of offer of Holiday Scheme and action as deemed fit, including termination will be taken by the concerned OMC. However going into the merit of the case, OMCs can consider giving some more time for enabling the dealership to realise the potential and also to safeguard its commercial interest.

2. This issues with the approval of Minister of State (IC) (P&NG).

Yours faithfully,



(Vinay Kumar)

Under Secretary to the Government of India

Tele : 23386119

Copy to :

(i) Director (Marketing), IOCL / HPCL,