

No.P-19011/2/2005-IOC
Government of India
Ministry of Petroleum & Natural Gas

Shastri Bhawan,
New Delhi, the 28th February, 2006.

To

1. The Chairman,
Indian Oil Corporation Limited,
02/3/06 New Delhi.

2. The Chairman & Managing Director,
Bharat Petroleum Corporation Limited,
02/3/06 Mumbai

3. The Chairman & Managing Director,
Hindustan Petroleum Corporation Limited,
Mumbai

4. The Managing Director,
IBP Co. Ltd.,
02/3/06 Kolkata

Sub: Guidelines for setting up/ selection of rural retail outlet
dealerships.

Sir,

This is regarding the setting up/selection of rural retail outlets and the need for uniformity of policies to be followed by the public sector Oil Marketing Companies (OMCs) in this regard. The matter has been under consideration for quite some time and has also been discussed with OMCs during various meetings. A presentation was also made by the OMCs to the then Minister (P & NG) on 19.12.2005 on this issue. It was followed by a meeting held in this Ministry on 22.12.2005 with the representatives of OMCs in order to finalise broad guidelines on the subject. It has now been decided that OMCs may frame their own guidelines/policies, based on the broad guidelines on the subject as indicated in the Annex.

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2. A copy of the guidelines framed by the OMCs may please be forwarded to this Ministry for record and reference. The guidelines should also be given wide publicity through website, brochures, etc.

Yours faithfully,

(D.K. Banerjee)

Under Secretary to the Government of India

Tel. 23386071

Enclosure : Annex (3 pages)

Copy to :-

1. NIC (attached to Ministry of Petroleum & Natural Gas). This communication, along with enclosures, may please be hosted on this Ministry's website, under the head 'Marketing'.
2. Facilitation Centre, MOP & NG.

Copy also to :

1. PS to Minister (P & NG)
2. PS to MOS (P & NG)
3. PS to Secretary/ PS to Addl. Secretary/ PS to Joint Secretary (M).
4. Director (M)
5. SO (MC)/SO (Distt.)/ SO (Mkt.)
6. Guard file.

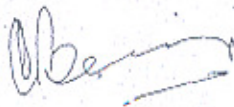
Broad Guidelines for selection of rural retail outlet

1. Oil Marketing Companies (OMCs) shall frame detailed guidelines for setting up such retail outlets in the rural areas. While doing so, they should keep the following broad parameters in view :-
 - (a) OMCs shall adopt a uniform, transparent, objective and consistent policy across the industry for selection of dealers for such rural retail outlets.
 - (b) Wide publicity be given to such guidelines through web-site, brochure and at the time of advertisement of locations.
2. Location for rural outlet should not be on a State Highway/National Highway, as it would be covered under regular dealership/distributorship.
3. Every rural outlet would be HSD oriented with minimum potential of 25 KLS. per month. MS can be added, if feasible. Dealer may add agro-products for sale through such outlets, wherever feasible, for making the outlet economically viable.
4. Reservation of locations as per regular dealership selection guidelines (as adopted by IOC for their Kisan Seva Kendra, i.e., rural RO). A separate reservation roster be maintained for rural ROs.
5. Eligibility Criteria:
 - a) The applicant shall be the resident of the same revenue village. If no candidate is available in the village, other candidates from the same village panchayat may be considered.
 - b) The candidate should at least be a Matriculate.
 - c) Age as per dealership selection guidelines (not less than 21 years as on date of application).
 - d) The applicant shall be an Indian national.
6. Evaluation Parameters:
 - a) The weightage of marks assigned to different evaluation parameters must be same across the OMCs.
 - b) Irrespective of site being 'A' site or 'B' site or any other site, weightage of land and infrastructure parameter shall be 35% of total marks, as per criteria adopted for regular RO dealership selection.
 - c) Inspection of the land offered in the application form by land evaluation committee, before interview may be considered by OMCs.

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- d) Corpus fund scheme will be applicable and the eligible candidates under the scheme shall not be evaluated on capability to provide (i) land and infrastructure (35% weightage) & (ii) finance (25% weightage), i.e. they will be evaluated against the balance 40% weightage of other evaluation parameters.
7. Advertisement for selection of dealer for rural outlets may be given in one local/ vernacular newspaper (with maximum circulation in the area) and in one State level newspaper having maximum circulation in the State. In addition, posters may also be pasted in the concerned village. Gram Panchayat office & Block Headquarters.
 8. Relaxation in Licence Fee Recovery (LFR) may be considered by OMCs.
 9. Security deposit may be Rs. 10,000 and application fee may be Rs. 100 only. However, for outlets reserved for SC/ST category, the application fee may be Rs. 50 and there may not be any security deposit.
 10. In case of location reserved for SC/ST category, OMCs should acquire land before issue of advertisement for selection of dealer. Other than SC/ST category, if the selected candidate is a widow or woman of more than 40 years without earning parents, who is eligible for corpus-fund scheme, land should be made available by OMCs concerned within one year of issue of LOI.
 11. Multiple dealership norms shall be applicable.
 12. The existing Grievance redressal mechanism applicable for regular retail outlets would also apply for dealer selection under rural outlets scheme. The mechanism for disposal of complaints may include the following:
 - (a) It has been observed that in a number of cases, scrutiny of applications for selection of dealers/distributors, and, in some cases, evaluation of land offered by prospective candidate by land evaluation committee as well as evaluation of candidates by the selection committee have not been done properly, which have resulted into numerous complaints/ VIP references/ litigations after issue of LOI. While the OMCs must ensure that these exercises are carried out thoroughly by the officers concerned so that no inconsistencies are detected afterwards in such scrutiny/evaluations, OMCs should consider stipulating a suitable timeframe for receipt of complaints and their disposal before issue of



LOI. This timeframe may be suitably notified at the time of advertisement for selection of dealership/distributorship. This provision may also be hosted on the web-sites of OMCs.

- (b) Further, disposal of complaints should be done by way of a speaking order by the appropriate authority in the OMCs, incorporating each point of the complaints, and after giving reasonable opportunity to all parties concerned in a transparent manner as per the principle of natural justice. A copy of the speaking order (for disposal of complaint) may be given to all the parties concerned. Such transparent and fair disposal of complaint before issue of LOI will ensure that selections are not cancelled after issue of LOI.
- c) OMCs should ensure that selection committee members as well as scrutiny, inquiry and field officers are well conversant with existing guidelines / policy so as to avoid wrong interpretation of different evaluation and eligibility criteria.

