

Resitement of dealerships/distributorships

I. Resitement at LOI stage

1. No resitement shall be allowed at Letter of Intent (LOI) stage, as it defies logic and reflects poorly on the marketing plan of OMCs. Even justifications like road widening, etc., may not be valid as the OMCs are expected to know in advance such possibilities. The plea of a certain old marketing plan location losing its viability, necessitating resitement at LOI stage, may also not be tenable because, in such cases, the OMCs can always re-assess the viability of locations before initiating the selection process.
2. However, in respect of old cases of LOI-holders, eligible for benefits under corpus fund scheme, change of location may be considered by OMCs in the same class of market and preferably within same district, depending on merit of the case, when efforts of the OMC concerned for acquisition of land in the advertised locations have failed.
3. In fresh cases, with effect from 27.10.2005, OMCs should acquire land before advertising for the selection of dealers eligible under the Corpus Fund scheme. In such cases, a change of location at LOI stage shall not be permitted.

II. Resitement of a commissioned dealership/distributorship

1. Resitement of a commissioned dealership/ distributorship may be considered on the following grounds :
 - (i) Road widening, diversion of road, realignment of existing road by a new one, road closure, closure of a particular traffic to the area, and any road-related incidents beyond the control of dealer/distributor, viz. shifting of octroi post, etc.
 - (ii) Increase in disparity in State taxes leading to rendering ROs located at inter-State border areas unviable.

- (iii) Closure/acquisition of the existing site by a competent authority for reasons not attributable to dealer/distributor.
- (iv) The resitement should be made at the same market within the same State.
- (v) Closure of nearby business activities (e.g. stone quarries, road construction activities, private bus depots, etc.) which were contributing to RO's revenue, rendering the RO unviable.
- (vi) Dealer/distributor is forced to vacate existing site by the lessor or any authority after the dealer/distributor has exhausted all legal remedies upto High Court.
- (vii) Where an oil company is unable to obtain legal redress to enable it to continue on the site and the legal department of the company concerned confirms (a) they have now registered/valid lease/option available for the site, (b) they have no recourse to the Acquisition Act following nationalisation, (c) they have no protection under any local tenacy and other Acts.

III. Other conditions for resitement

The following shall be the other conditions for resitement:

- (i) It has to be with the same dealer/distributor
- (ii) Within the same district/area specified for different class of markets, including periphery limits and within the same State. To clarify further, resitement can be only in the same market and within the same State
- (iii) Partial resitement of facilities will not be allowed and resitement has to take place in total

- (iv) At the old partially resited outlets selling MS/HSD, addition of HSD/MS will not be permitted. However, there may not be any objection to addition of special brand of MS or HSD to the partially resited outlets selling only MS or HSD respectively.

- (v) Resitement with the sole objective of improvement of sales will not be permitted.

- (vi) No resitement shall be made from the remote/low service areas without the approval of the Director (Marketing) of the oil company. Further no retail outlet in a monopoly market (a market which is not covered by a National Highway/State Highways and where there is no other retail outlet within a radius of 10 kms) will be resited. Also, the dealerships/distributorships at the old locations shall be de-commissioned before commissioning at the new sites
