

No.14/ 7 /2005-DBA.I
Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Udyog Bhawan, New Delhi-110011

Dated: 27th June, 2005.

To

- 1) All Special Purpose Vehicles (SPVs)
- 2) Concerned State Governments.
- 3) Concerned Financial Institutions

Subject:- Character of SPV in the perspective of Public-Private partnership.

Sir,

This is regarding Industrial Infrastructure Upgradation Scheme of the Department of Industrial Policy & Promotion to be implemented in a public-private partnership mode. You are aware that funds under the scheme are released directly to the Special Purpose Vehicle (SPV) formed by the concerned industrial association which has to play a very important role in executing the project in a time bond manner with clear cut physical and financial targets. Therefore, industry association should play a major role in the day-to-day affairs of the SPV.

However, some instances have come to our notice wherein the representation of the industry associations in the SPV is minor and State Government have major representation. This may be required, in some specific cases to initiate the project. However, this practice need not be continued and in such cases the State Government should transfer its representation to the user industry at the earliest possible. Central Government or State Governments or Local Authorities should act only as a facilitator and regulator which can be achieved through their appointed nominees on the Board of Directors of the SPV.

Further, in so far as the appointment of Chief Executive Officer (CEO)/ Managing Director (MD) of SPV is concerned, incumbent should be professional and should have deep knowledge of the concerned industry of the cluster. Care should be taken to appoint a professional from open market to run the affairs of the SPV and not from the Stakeholders like State Governments or Financial Institutions (FIs) or Industry Associations. It may be mentioned here that approval of the Central Government is required for appointment of CEO/MD.

This is for strict compliance.

Yours faithfully,

(Arun Kumar Jha)
Director
Tele No: 23014343
Fax: 23019189
Email: arunkjha@nic.in

