

No. 10/2/2009-DBA-I
Government of India
Ministry of Commerce and Industry
Department of Industrial Policy and Promotion

Udyog Bhavan, New Delhi.

Dated 1st August, 2011

OFFICE MEMORANDUM

Subject: Guidelines for Gol Nominees on the Board of Directors of the Special Purpose Vehicle, Implementing IIUS projects – regarding.

The undersigned is directed to forward herewith the guidelines for Government of India Nominees on the Board of Directors of the Special Purpose Vehicles, implementing IIUS projects approved by Secretary, DIPP, for information and necessary action.


(S.K. Sehgal)

Under Secretary to the Govt. of India

Tele. No. 011- 23061526

Encl: as above.

To,
Gol nominees on the SPVs under IIUS.

Copy to:
All the SPVs under IIUS

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3/8/2011

Guidelines for Gol Nominees on the Board of Directors of the Special Purpose Vehicles, implementing IIUS projects

Department of Industrial Policy & Promotion launched Industrial Infrastructure Upgradation Scheme (IIUS) in 2003 as a Central Sector Scheme with a view to enhancing competitiveness of industry by providing quality infrastructure through public-private partnership in selected functional clusters. 30 projects have been sanctioned under the scheme. An independent evaluation of the Scheme was conducted in March, 2008. Based on the outcome of the independent evaluation and experiences gained during the implementation, the Scheme was modified and recast in February, 2009. 8 projects have been granted final approval under recast IIUS. Thus total 38 projects have been sanctioned under the scheme since its inception.

Under the scheme central assistance is provided by way of one time grant-in-aid (not equity) to a Special Purpose Vehicle (SPV), a section 25 company under the Companies Act, formed by the cluster association for implementation of the project. The Department appoints a Government of India nominee on the Board of Directors of each SPV for effective implementation of the project and transparent utilisation of resources by an SPV.

Under the schematic framework, the project should be completed within 24 to 36 months. However, there is inordinate delay in many cases. An illustrative list of guidelines is given below to emphasise the key role of the Government of India nominee in overseeing project monitoring and reporting to DIPP, apart from discharging the responsibilities of a Director under the Companies Act:

- a. To ensure that SPV organizes quarterly Board meeting. Agenda notes should be received at least five working days in advance. Comments on each agenda item shall be put up to JS, DIPP in charge of IIUS in advance. After attending the meeting, on return a brief gist of the important decisions taken may be put up to the aforementioned JS (DIPP). In each meeting, the physical and financial progress, inter-alia, must be discussed. Any time and cost overrun should be clearly brought out and revised schedule (PERT chart) submitted to JS, DIPP in charge of IIUS for further action.
- b. To attend all Board meetings, unless exempted by Joint Secretary, DIPP and to report progress to DIPP. In case of exemption from attendance, written comments on each agenda item have to be sent in advance. SPVs will, as far as practicable, ascertain the convenience of Gol nominee before deciding the date of the Board meeting.
- c. To ensure that the contribution of the State Government and the Industry is credited to the SPV's escrow account as envisaged.

- d. To ensure registration of the SPV under section 25 of the Companies Act.
- e. To ensure that the Memorandum and Article of Association of the SPV contain all clauses which protect Government of India's interest.
- f. To monitor the timely submission of Annual Report & Audited Accounts of the SPV.
- g. To monitor the timely utilisation of funds and submission of documents like utilisation certificate, completion certificate, quarterly implementation report by the SPV.
- h. In case of any irregularity, will inform the Department with suggestion to take up the matter with the SPV and various government organizations or otherwise.
- i. To represent the Department on the issues incidental to implementation of the project while maintaining the operational autonomy of the SPV.