

Special Purpose Vehicles

Why in news?

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The present government has created several Special Purpose Vehicles (SPVs) to achieve specific goals in key policy areas.

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How successful are the SPVs?

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- The idea of SPVs is to create a hybrid of a government-controlled body along with the efficiency and agility of the private sector.

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- There are many companies that are vested with specific tasks.

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- e.g Energy Efficiency Services Ltd, Invest India Ltd, SECI, NSDC and the recently-formed Digital India Corporation etc.

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- Going by the numbers, all have performed very well.

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- **Invest India** - In Invest India the government owns 49% of it, so technically it is not a PSU.

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- Its aim is not to make money for the shareholders, but to facilitate investments into India, hand-hold investors through the bureaucratic maze.

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- In 18 months, the company has handled over 70,000 investor queries, brought in over \$62 billion of investment commitments, of which around 4.5 billion have been made.

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- Invest India has direct access to the PMO, which helps in cutting red-tape.

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- **Energy Efficiency Services Ltd** - It is a for-profit company.

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- It is expected to make money for its shareholders, who are four power sector PSUs — NTPC, PGCIL, PFC and REC.

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- EESL's mandate is to pull out the energy inefficient electrical gadgets in use (such as incandescent bulbs) and replace them with energy efficient ones (such as LEDs).

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- It is profitable through a model that lets the customer pay for the costlier replacements out of their savings in energy bills.

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- But more than profits, its efforts have helped avoid 6 GW of peak time power, save 30 billion units of electricity, worth Rs 12,000 crore, annually (so far).

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- The secret of its success is functional independence.

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- **Solar Energy Corporation of India** - The present administration converted SECI from a not-for-profit 'Section 25 company' into a 'Section 3 company' (in the new Companies Act) which is allowed to engage in commercial activity.

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- That made SECI to actively float tenders for solar plants and of wind power capacity.

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- In the last two years, SECI has been involved in over 5,000 MW of solar and wind capacity.

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- In 2015-16, it made a post-tax profit of Rs 20 crore.

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- **National Skill Development Corporation** - NSDC is 51% owned by industry bodies.

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- In spite of criticisms about the low hit-rate in placements it has trained 1.15 crore people in 7,000-odd training centres.

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- The lesson is from all of the above is simple.

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- They have delivered results by adopting an innovative management model and operational freedom.

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Source: Business Line

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