

# **Scheme for Extending Credit Facility for Purchase of Power through Power Exchange**

The financial assistance required for margin/settlement of dues of power exchange shall be provided to utilities/companies registered with the Power Exchange as member. The facility of margin/funding shall be provided to the utilities/companies for purchase of power through Power Exchange and the amount paid by PFC shall be treated as loan to the utility / company subject to signing of loan agreement with PFC.

A State/Central Sector utility/company is eligible for this facility provided not declared defaulter as per PFC policy and should have a valid grading. In case the State Sector borrower provides bank guarantee as security, the requirement of grading / categorisation shall not be applicable.

A Private Sector utility/company will be considered eligible provided they are not in default to PFC under any scheme or to other Banks/FIs.

The financial assistance under this scheme shall be up to 100% of the requirement of margin/funds for bidding of power i.e. energy and associated charges and taxes subject to maximum limit of Rs.100 crore per borrower i.e. outstanding loan amount at any point of time per borrower shall not exceed Rs.100 crore.

The borrower shall repay the loan amount along with interest within a maximum period of 90 days from the date of disbursement of each tranche/disbursement.

The interest rate and financial charges as notified from time to time shall be applicable.

The funds for transactions which are backed by PFC shall be treated as margin money (*equivalent to payment obligation of member*) on bidding day and the actual funds shall be transferred on the payment-obligation-date to Exchange/borrower's settlement account.

The exposure to borrower under this policy shall be within the overall limit fixed by PFC under its prudential norms.

<b>Sector</b>	<b>Type of Security</b>
State Sector borrowers (category 'B' and above) and Central Sector borrowers	Escrow cover.
State sector borrower (category 'C')	Charge on escrowed revenue in addition to escrow cover.
OR	
State/central sector borrower	Bank Guarantee
Private sector companies/entities	Bank Guarantee of Scheduled Commercial Bank valid for a minimum three months which can be provided separately for each disbursement