

**Financing
of
Equipment Manufacturing Facilities & Fuel Sources Development
&
Distribution Area for Power Sector**

1.0 Introduction:

PFC had established a separate business unit i.e. Facilitation Group, to explore the opportunities of expanding PFC business in the following areas;

- a. **Fuel Sources Development & Distribution:** Development/ expansion of Fuel supply sources like Coal blocks/ mines/ oil/ gas transportation facilities etc.
- b. **Equipment Manufacturing:** Setting up/ expansion of Equipment Manufacturing capabilities for Power sector.
- c. Financing of Nuclear power projects in India; hydro projects in Bhutan and Nepal

2.0 Background:

The ambitious capacity addition programme of Government of India envisaged for XII Plan and even beyond requires augmentation of Country's Equipment Manufacturing Capacity in all the sphere of power sector viz. Generation, Transmission and Distribution. Further, existing thermal power projects (coal & gas based) are already facing shortage of fuel (coal & gas) and had to resort to import of fuel. Based on current projections of demand and supply of fuel, the gap is likely to widen and there is need to enhance fuel supply so as to ensure efficient utilization of existing capacity as well as proposed/expected capacity addition in future. Considering these aspects, Govt. of India has already initiated steps including the allocation of various coal blocks/mines to both State Sector as well as private sector entities to develop and produce coal for power sector. The port facilities are also being enhanced to facilitate more import of coal, gas and oil.

3.0 Business Opportunity:

Given the fact that, removal of biggest bottleneck i.e., availability of finance for these projects (fuel supply sources development/ expansion and Equipment manufacturing) is expected to ensure that country's massive capacity addition programme will be successful which in turn will help PFC in its core business i.e., financing of various projects in power sector - Generation, Transmission and Distribution). The new initiative will complement PFC's existing financing initiatives for overall development of Indian Power Sector.

PFC will be considering lending to various projects being undertaken by Central sector, state sector, private sector and or joint sector entities.

4.0 For further information, please contact:

Shri N. D. Tyagi

Executive Director (Facilitation Group)

Phone: 91-11-23456584

Email: nd_tyagi@pfcindia.com