

PROJECT TERM LOANS

A. RUPEE TERM LOAN

1. Purpose

To provide financing to eligible borrowers in power and allied sectors for a variety of projects viz. Generation, transmission, distribution, renovation and modernization, metering etc. and also Infrastructure projects having forward and backward linkages with power projects.

2. Eligible entities

- a) State Utilities and State govt. departments engaged in development of power projects,
- b) Municipal Run Power Utilities,
- c) Central Sector Power Utilities with or without State Participation,
- d) Joint Sector Organisations,
- e) Private Sector Organisations,
- f) Co-operative & other Societies in Power Sector
- g) Central sector Utilities/Entities engaged in development of power projects

3. Extent of assistance (restricted to actual requirement of funds)

a) Greenfield cases

S.No.	Category of Schemes	% of project cost	
		Central State sector	Private sector
1.	Studies, Consultancy and Training	100	50
2.	Research & Development, Capacitors, Energy meters, Computerisation, Communication, Load Dispatch, Trans., R&M of T&D	90	50
3.	Energy Saving Projects	90	70**
4.	Project Development (by State/ UT Power Utilities)	80	-
5.	Environment up-gradation, R&M/R&U of Generation, Mini, Micro & Small Hydro Generation projects, Captive & co-generation plants, Non conventional energy sources	80	50
6.	Setting up/ Expansion of Equipment Manufacturing capacity for Power sector	80	75
7.	Medium and Large Hydro Generation	80	25*
8.	Thermal Generation, Projects in the area of Fuel Sources Development & its Distribution (FSD&D) for Power Sector, Infrastructure Projects with forward/backward linkage to Power Projects	80	20*
9.	Grid connected Solar PV, Wind	80	75

* Depending on rating, the same may be extended upto 50% of project cost.

** 70% for project cost upto Rs.25 crore and 50% of incremental project cost (Energy Saving Projects)

- b) Refinancing Cases – PFC may consider funding of entire exposure in accordance with PFC's debt refinancing policy.

4. Interest rates & Other charges

The interest rates are notified by PFC from time to time. The interest rates are fixed and subject to reset from the standard due date of payment of instalment of loan falling immediately after 1 year / 3 years (as applicable) from the first disbursement date. Rates as on the date of disbursement shall be applicable. Incentive/ rebate is applicable for timely payment of dues.

For private sector borrowers transaction fee determined by PFC's policy is applicable.

5. Loan Repayment

(a) Principal Repayments

Moratorium of principal repayment may be allowed as per PFC's policy. Repayment is on a monthly basis on standard due dates i.e. 15th of every month.

(b) Interest payments

Monthly, on 15th of every month. Further, there is no moratorium period on the payment of interest.

6. Repayment

Maximum repayment period shall be allowed considering the useful life of the project and shall be governed by PFC's policy on the same.

S.No	Types of Projects / Schemes	Maximum* Repayment Period up to (Years)
1	Hydro Generation schemes	20
2	Metering, studies, consultancy, training, R&D, survey & investigation, communication and computerisation schemes	5
3	All schemes/projects including thermal generation, other than (1) and (2) above	15

Repayment period of a project loan may be extended beyond the above stated limits. However, it shall not exceed 80%/85% of the economic life of the project for greenfield and refinancing cases respectively.

7. Security requirements

- a) Primary Security - State / Central Govt. Guarantee / Bank guarantee / Charge on Assets
- b) Secondary Security – PFC may insist on one or more of the following additional securities from private sector entities:
 - a. Corporate guarantee,
 - b. Personal guarantee of promoters,
 - c. Pledge of shares of promoters,
 - d. Charge on assets of group/other companies,
 - e. Assignment of all project contracts, documents, insurance policies in favour of PFC,
 - f. Charge on revenues,
 - g. Any other security acceptable to PFC.

Payment Security Mechanism:

(i) For State/Central Sector Borrowers : Letter of Credit/ Escrow Account

(ii) For Private Sector Borrowers: Trust and Retention Account including the creation of Debt Service Reserve Account (DSRA)