

**Item 4 (1)(b)-(iv)**

**The norms set by it for the discharge of its Function**

## **4. THE NORMS SET BY IT FOR THE DISCHARGE OF ITS FUNCTIONS**

Division wise details are as follows:-

### **4.1 TRANSMISSION & DISTRIBUTION DIVISION**

#### **4.1.1 Sanctioning of schemes**

T&D schemes are formulated, processed and sanctioned as per operational guidelines available as REC.RTI Doc. 5.1.1.

Fair practices code for REC is available on REC website which prescribes the time limit within which a project needs to be approved which is followed by the Department.

#### **4.1.2 Withdrawal of sanction and closure of schemes**

T&D schemes are withdrawn/cancelled/closed as per guidelines available as REC.RTI Doc. 5.1.2

#### **4.1.3 Monitoring of schemes**

Guidelines for monitoring of T&D schemes is available and enclosed.

### **4.2 RGGVY DIVISION**

In the light of Office Memorandum No. 44/19/2004-D(RE) dated 18.03.2005, issued by Ministry of Power, Govt. of India, for effective and expeditious implementation of projects under RGGVY scheme, a comprehensive framework, consisting of the following documents, has been put in place after discussions with all the concerned states, union territories, state power utilities and CPSUs:

- i) MOUs with CPSUs (POWERGRID, NHPC, DVC & NTPC)
- ii) Quadripartite agreement(s) amongst REC, State Government, State Power Utility and the concerned CPSU.
- iii) Tripartite Agreement(s) amongst REC, State Government(s) and State Power Utility(s) and bi-partite agreement with state which do not have any State Power Utility and projects are to be implemented by the

concerned Power/Electricity Department of the state.

- iv) Guidelines for project formulation for electrification of villages and rural households for grid supply system
- v) Guidelines for procurement of goods and services
- vi) Amendments to REC specifications and standards

### **4.3 GENERATION DIVISION**

4.3.1. The generation schemes are processed for sanction based on entity appraisal and technical appraisal/scrutiny with regard to technical feasibility and financial viability of the projects. The project proposals are received in the prescribed application forms (Loan Application Form for Private IPPs and Loan Application Form for Govt./Public Sector Company/SEB) and is available as REC.RTI Doc.5.3.1 and 5.3.2.

### **4.4 FINANCE DIVISION**

#### **4.4.1. Claims**

Claims are processed within 3 days of receipt from concerned Division/ Project Offices and are disbursed within a day thereafter by Banking Section subject to availability of funds/grant.

#### **4.4.2. Preparation of Accounts**

Corporate Accounts & Taxation Section prepares accounts within the time limit prescribed by SEBI, Companies Act etc.

#### **4.4.3. Resource Mobilization**

The resources section functions as per the applicable laws and in accordance with the annual borrowing programme approved by REC Board of Directors.

#### **4.4.4. ALM Section**

ALCO (Assets Liability Management Committee) consists of CMD, Director (Finance), Director (Technical) and one Independent Director and EDs and GMs of various Divisions. ALCO monitors the liquidity risk, interest rate risk and foreign currency risk faced by the Corporation.

#### **4.4.5 Loans & Recovery**

Release advices are sent to the borrowers on the same day the funds are disbursed. Demand notices for interest and principal that are due, are issued to the borrowers well in advance of the due dates. On non-receipt of dues on the due dates, action for recovery the dues is taken as per the recovery guidelines.

### **4.5 Decentralized Distributed Generation (DDG) Division**

Under Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY), there is a provision of Capital subsidy of Rs. 540 crores for Decentralized Distributed Generation during XIth Plan period. Decentralised Distributed Generation can be from

conventional on renewable sources such as Biomass, Biofuels, Biogas, Mini Hydro, Solar etc. for villages where grid connecting is either not feasible or not cost effective.

#### **4.5.1 DDG Projects under RGGVY:**

##### **1.1 Procedure for sanction of Projects under DDG:**

DDG Project are to be owned by State Governments, Implementing Agencies of the projects shall be either the State Renewable Energy or State Utilities or identified CPSUs. The State Governments will decide the implementing agencies for their states. State Implementing Agencies will get the DPRs made through a panel of consultants shortlisted by Ministry of Power. The DPRs shall be forwarded to REC which is the Nodal Agency for the Scheme. REC shall appraise the projects and shall get the DPRs approved from Implementing Support Group (ISG) of Ministry of Power. The projects shall be finally approved by Monitoring Committee of Ministry of Power.

#### **4.5.2 Financing of projects and Administering of funds:**

The financial assistance for implementing the DDG projects would include the Capital Cost, Revenue cost (Cost of Stores for 5 years after commissioning). Cost of providing power for a period of 5 years from commissioning after taking into account recovery from village households and soft cost including preparation of DPRs etc. 90% of the total project cost will be provided to the implementing agency as subsidy. The balance 10% can be arranged by the implementing agency at their own or taken as a loan from any financial institutions or REC.

#### **4.5.3 Guidelines for DDG & Format for preparation of DPR etc. are available on the website of REC.**

**4.5.3.1** Ministry of Power has issued DDG guidelines for Implementation of DDG projects, preparation of DPR, Procurement guidelines etc.

#### **4.5.4 Loans for Renewable Energy projects:**

REC also provides loans to SEBs/State Power Utilities/Private Sector for renewable energy projects. Loan Application Form and other details are available on the website of REC.

#### **4.5.5 International Cooperation and Development (IC&D):**

Under IC&D, the Corporation acts as an intermediary on behalf of the MoP, Gol, for sourcing and channelizing Official Development Assistance funds to various projects approved by MoP and MoF as per inter-Governmental Agreements on bilateral cooperation, and oversees its implementation as per norms of the external agencies, MoF, MoP and REC's standard practices for project financing.

#### **4.6 Procedure for Sanction of Projects under CSR:**

In line with the CSR Guidelines of DPE and REC's CSR Policy, the budget for CSR initiatives is allocated by the Board of Directors of the Company at the beginning of each financial year. The Board of Directors also decides the focus areas for carrying out various CSR activities. CSR projects/initiatives of the Company are generally carried out with the help of specialized agencies in line with their focus areas of operations, which are either empanelled with The Tata Institute of Social Sciences (TISS), the DPE designated National CSR Hub, and/or have past work experience with Government/semi-Government/autonomous organizations. The CSR activities are generally carried out in 'Project' mode, having specified objectives, scope of work, costing, deliverables, time-lines and milestones etc.

A two-tier mechanism has been put in place within the Company for screening of various CSR project proposals received from time to time, consisting of a first level Screening Committee, and thereafter, a second Senior Level Screening Committee headed by an official of the rank one level below the Board level.

Projects proposals seeking funding under CSR submitted by various specialized agencies and falling within the prescribed focus areas are first taken up for appraisal by the Company, including due diligence/ verification of credentials of the implementing agencies; which are then placed for consideration successively before the two levels of Screening Committees. On recommendation by the Senior Level Screening Committee, the project proposals are subject to financial concurrence, and are thereafter submitted for consideration for sanction of financial assistance under CSR by the Competent Authority.