

RURAL ELECTRIFICATION CORPORATION LIMITED

(A Govt. of India Enterprises)
Core-4, SCOPE Complex, Lodhi Road, New Delhi-110003.

COMPANY SECRETARY'S DIVISION

No. SEC-1/8(1)/2008

Dated: 14th August, 2008

LOAN POLICY CIRCULAR – No.011/ 2008

Sub: Revision in the lending rates of Term Loans and Short Term Loans.

Ref: Loan Policy Circular – (i) No.001/2008 dated 10th April, 2008,
(ii) No.007/2008 dated 9th July, 2008 and
(iii) No. 008/2007 dated 23rd July, 2008.

The Sub-Committee of the Board of Directors of REC, in its 13th Meeting held on 8th August, 2008, has approved upward revision of existing lending rates by 50 basis points with immediate effect in respect of Terms Loans for all categories of schemes and Short Term Loans, as per details given in the Annexure.

2. The revised interest rates will be applicable in respect of all disbursements made on or after 14th August, 2008.
3. All other terms and conditions of loans / schemes as notified earlier remain unchanged.
4. Zonal Managers/CPMs and other officers in Corporate Office issuing sanction letters are requested to ensure that applicable interest rates and other terms and conditions are duly circulated to all concerned and correctly incorporated in the sanction letters.

Sd/-
(B.R. Raghunandan)
GM (Law) & C.S.

Encls: Annexure

ANNEXURE

(LPC No.011 /2008 dt. 14th August, 2008)

RURAL ELECTRIFICATION CORPORATION LIMITED

Lending rates effective from 14th August, 2008

I TERM LOANS

Sl. No.	Schemes	Reforming State Sector Borrowers, Central Sector Borrowers (other than identified CPSUs & AAA Companies)				Identified CPSUs and all AAA Companies				Private Sector Borrowers			
		With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years		With reset after every 3 years		With reset after 10 years	
		Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD	Pre COD	Post COD
		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.		% p.a.	
A	Term Loan/Schemes												
	1) Conventional Generation-Large	12.25	12.00	13.00	12.75	12.00	11.75	12.75	12.50	12.25	12.00	13.00	12.75
	2) Generation-Others (including Non Conventional)	12.25	12.00	13.00	12.75	12.00	11.75	12.75	12.50	12.25	12.00	13.00	12.75
	3) R&M, R&U, Transmission, Distribution and other Schemes	12.25		13.00		12.00		12.75		12.25		13.00	
	4) Computerization	10.75		-		10.50		-		-		-	
B)	Loan to Equipment Manufacturers												
	1) upto 1 year	12.00		-		11.75		-		12.00		-	
	2) More than 1 year up to 3 years	12.50		-		12.25		-		12.50		-	

II SHORT TERM LOANS

Sl . No.	Category of Borrower	Rate of Interest for STL of upto 1 year, with monthly Rest (% p.a.)	Rate of Interest for STL of More than 1 year and upto three yaers, with monthly Rest (% p.a.)
1	Central Sector Borrowers/ Identified CPSUs	12.00	12.25
2	State Sector Borrowers- Category "A+" & "A"	12.00	12.25
3	State Sector Borrowers- Category 'B' / Private Sector Borrowers ("AAA")	12.25	12.5
4	State Sector Borrowers- Category 'C' / Private Sector Borrowers other than "AAA"	50 bps higher than the rate applicable to State Sector Category "A" Borrowers .i.e. 12.50	50 bps higher than the rate applicable to State Sector Category "A" Borrowers .i.e. 12.75

- The above rates are effective rates on quarterly rest basis except for STLs where rates are with monthly rest.
- Identified CPSUs are NTPC,NLC,DVC,NHPC,NPCIL,PGCIL,SJVNL, THDC or any other entity as identified by the Corporation from time to time.
- The rates mentioned as above for Computerisation are not applicable for AAA private sector borrowers.
- The revised interest rates as above will be applicable in respect of all disbursements made on or after 14th August, 2008.
- Definition for large Generation Projects as at A(1) above will be the same as defined in REC's Loan Policy Circular dated 14th June, 2006, i.e. Sanction amount of Rs.700 Crores and above in respect of State/Central Sector Borrowers and Sanction amount of Rs.500 Crores and above in respect of Private Sector Borrowers.

Not Applicable