

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)/2007/648

Dated: 26th November, 2007

LOAN POLICY CIRCULAR – No.009/2007

Sub: Bridge Loan Scheme (Amendment for admitting Awarded Cost)
for RGGVY Implementing Agencies.

Ref : Loan Policy Circular No.SEC-1/8(1)/2006/283 dated 20th September, 2006

The Board of Directors in their 326th Meeting held on 13th November, 2007 have approved extension of the existing Bridge Loan Scheme for RGGVY Implementing Agencies to enable the Utilities to make payments in respect of awarded cost.

The existing Bridge Loan Scheme has been extended further as per the applicable terms & conditions detailed in the enclosed Annexure.

Hindi version of this circular will follow.

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

Annexure

(LPC No.009/2007 dt. 26.11.2007)

Bridge Loan Scheme (Amendment for admitting Awarded Cost) for RGGVY Implementing Agencies.

(As approved by the Board of Directors in their 326th Meeting held on 13.11.2007)

In partial modification of the existing Bridge Loan Scheme applicable for RGGVY implementing agencies, (the State DISCOMs only), it has been decided to extend the Bridge Loan Scheme to enable the Utilities to make payments in respect of Awarded Cost.

The applicable terms and conditions are indicated as under :-

1. The State Power Utility executing the RGGVY scheme shall be entitled to avail bridge loan for the purpose of making payments to the contractors in respect of the awarded cost. The amount of the bridge loan to be given by REC shall be restricted to 80% of the awarded cost minus the disbursements of subsidy/loan already made by REC.
2. Such bridge loan shall be adjustable against the claims to be submitted up to 31.3. 2008, or already pending under RGGVY scheme.
3. In case any amount of bridge loan remains unadjusted as on 31.3.2008, the same shall be converted as a Short Term Loan repayable on the terms & conditions as applicable as per STL Policy of the Corporation.
4. The bridge loan and STL (as converted) shall be secured against any of the following securities to be provided by the State Power Utility before drawal of the loan.
 - (a) State Govt. guarantee.
 - (b) Hypothecation/mortgage of assets (including assets already created under RGGVY scheme).
5. The Bridge loan would be sanctioned district-wise and the Utility shall undertake to utilise the bridge loan only for implementation of the RGGVY scheme and for no other purposes.
6. Other conditions of the existing Bridge Loan scheme, as detailed in para No.2(c),(d),(f),(g),(h) and (i) of the Annexure-I to Loan Policy Circular No.SEC-1/8(1)/2006/283 dated 20th September, 2006, shall remain unchanged.
