

PROJECT RUPEE BRIDGE LOAN SCHEME FOR STATE / CENTRAL SECTOR BORROWERS

1. Purpose

The Corporation shall consider bridge loan proposal from those utilities who have sought financial assistance in the form of term loans from PFC and have received sanction letter and the drawal of assistance by the borrower can not be made for the time being, due to non-compliance of certain formalities/clearances. Thus bridge loan shall be considered where PFC has already sanctioned project term loan either on stand alone basis or in consortium.

2. Eligible entities

The Corporation may sanction bridge loan to central / state sector utilities (including state corporations, municipal bodies etc.) for all generation schemes, transmission and distribution works who have no outstanding dues (default) under any financial assistance from PFC.

3. Extent of assistance

Upto 50% of the sanctioned amount or actual requirement of funds in next 12 months from the date of sanction, whichever is lower.

1. Tenor

The period of loan may be up to one year from the date of sanction letter of term loan.

2. Interest rate & other charges

- The Corporation shall charge additional interest of 0.5% p.a. over and above interest rates applicable to project rupee term loans under the respective category of scheme / projects where the borrower provides security in the form of letter of comfort along with Escrow Account. In cases where the borrower furnishes State Govt. Guarantee along with Escrow Account, the interest rate shall be same as that applicable for Rupee Term Loan.
- Rebate for timely payment of dues shall be allowed as per the prevailing policy.
- The borrower shall pay upfront fees for the bridge loan at the rate applicable from time to time. The option of commitment charges is not available.

3. Disbursement mechanism

The disbursement procedure as applicable to Central / State utility rupee term loan shall be applicable for bridge loan.

4. Interest payment

Interest is to be paid quarterly on standard due dates i.e. 15/4, 15/7, 15/10 and 15/1 of the year, after commencement of disbursement of loan.

5. Repayment

Repayment will be either a bullet repayment or adjusted against disbursement under Rupee Term Loan.

6. Security requirements

- In case of State Utilities, the bridge loan will be secured by Letter of Comfort (LoC) or State Govt. Guarantee from respective State Govt. or Charge on Assets along with an Escrow Account, and
- In case of Central Utilities, in addition to Escrow Account, the Bridge loan shall be secured by Letter of Comfort (LoC) from Govt. of India or Charge on Assets.