

## **SHORT TERM LOAN**

### **1. Purpose**

To provide finance to the existing borrowers in the State / Central Sector to meet their immediate requirement of funds. The rupee loan under the scheme shall be provided for purchase of fuel for power plant, purchase of consumables, essential spares, emergency procurement / works for generation plant and T&D network in the nature of repair & maintenance work, purchase of power, against receivables of transmission entities on account of wheeling charges.

### **2. Eligible entities**

All the existing state / central sector borrowers (*who have outstanding amounts under long term loans-project finance*) and who are not declared defaulter by PFC.

### **3. Extent of assistance**

Rs.150 crores to Rs.300 crores depending upon reforming status of the borrowing entities as per policy applicable.

### **4. Tenor**

The loan under the scheme shall not exceed one year from the date of disbursement.

### **5. Interest rate & other charges**

As notified by the Corporation from time to time.

### **6. Disbursement mechanism**

- At the time of making request to PFC for release of tranche the borrower shall indicate the purpose for which the amount is proposed to be used.
- The borrower shall furnish utilization certificate for the amount released within 60 days from the date of disbursement.
- On the advice of the borrower, the Corporation may also make direct payment to the executing agency under intimation to the borrower.

### **7. Repayment period**

**Option-I :** Loan will be sanctioned for a tenor of 30 days to 180 days in multiples of 30 days with option to roll over.

**Option-II :** Loan will be sanctioned for a tenor upto one year. Loan shall be repaid through EMI. First EMI shall commence after two months.

Loan under each of these options may be drawn in maximum of three tranche, each tranche being at least Rs.10 crores. A repayment schedule will be made out for each tranche.

## **8. Security**

- Tripartite Escrow account agreement in the prescribed format where the sanctioned amount is upto 50% of sanction limit.
- Where sanctioned amount is more than 50% of sanction limit in addition to escrow account, charge on assets / govt. guarantee will also be required.

## **9. Validity of loan**

The entire loan amount shall be drawn within 45 days from the date of sanction.