

## Buyers' Line of Credit Scheme

The Buyers' Line of Credit Scheme envisages providing a term loan facility (upto 15 years) by way of non-revolving rupee line of credit to the borrower/utilities for purchases of machinery, equipment and other capital goods especially where assessment of the benefits accrued may not be directly attributable due to reasons like spread of work over wide geographical region, no immediate requirement of installation of equipment/machinery, breakdown/Force Majeure, spares, etc.

The loan under the scheme will be available to all State Sector and Central Sector borrowers including power departments/SEBs in Generation/ Transmission/Distribution subject to the availability of categorization of state power utility as per PFC's policy, which have not been declared defaulter as per PFC policy. Assistance under the Scheme will not be extended in the cases where detailed appraisal is required i.e. grass-root/new projects, major expansion/diversification etc.; and/or for acquisition of second-hand equipment/machinery; and / or for in-house fabrication of equipment/machinery etc.; and / or equipment/machinery or other capital goods already financed under any other scheme of PFC or of other FIs/Banks.

Assistance upto 100% of the cost of the equipment/machinery/capital goods shall be extended which will be inclusive of insurance, freight, taxes and accessories and spares supplied along with machinery and also associated civil and erection works done/to be done by the supplier.

The interest rate and other charges as applicable and declared by PFC from time to time shall apply.

The period of loan excluding moratorium period for each disbursement under the line of credit sanctioned to a borrower shall not exceed 15 years and the moratorium period shall depend upon the repayment period opted by the borrower.

For availing loan, the borrowers shall be required to provide State Govt. Guarantee or Charge on equipment/ machinery financed under this scheme or First Charge on other assets and an Escrow account agreement in the prescribed format (in case existing escrow is not sufficient).

The minimum line of credit shall be Rs. 1.00 crore. The maximum sanction under this scheme will be Rs. 500 crore per financial year (*including the outstanding sanctions*) subject to internal exposure norms.