

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)/2008/39

Dated: 31st July, 2008

LOAN POLICY CIRCULAR – No.009/2008

Sub: Acceptance of Trust & Retention Account (TRA) and Revenue Collection Account as any other Payment Security Mechanism acceptable to REC in respect of Private IPPs / Borrowers.

Ref : Loan Policy Circular No.SEC-1/8(1)/2006/178 dated 14.6.2006.

In respect of Clause 9 of Loan Policy Circular No.SEC-1/8(1)/2006/178 dated 14.6.2006, it has been agreed to include Trust & Retention Account (TRA) till commercial commissioning of the project and Revenue Collection Account after commercial operation, as Payment Security Mechanism acceptable to REC, against the loans sanctioned to Private IPPs / Borrowers. This will apply to all ongoing projects also.

Accordingly the additional rate of 0.5% as being charged at present for non-creation of charge on Escrow Account should not be charged to Private IPPs/Borrowers, where the borrower has already provided the Trust & Retention Account (TRA) and Revenue Collection Account.

All other terms and conditions of loans / schemes as notified earlier remain unchanged.

This issues with the approval of CMD.

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