

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 80**  
TO BE ANSWERED ON 11<sup>th</sup> DECEMBER, 2018  
Agrahayana 20, 1940 (Saka)  
**Setting up of Mega Finance Company for Power Sector**

80. SHRI T.G. VENKATESH: SHRI DHARMAPURI SRINIVAS:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government is contemplating on setting up of a Mega Finance Company for Power Sector by merging the two power companies PFC and REC ;
- (b) If so, the details thereof;
- (c) the reasons for embarking on such a plan as the two independent profit making companies are in the same business; and
- (d) whether such a move will not affect the said two profit making CPSEs?

**ANSWER**  
**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI PON. RADHAKRISHNAN)**

(a) & (b) No Sir. The proposal of Ministry of Power to sell the Gol stake in REC to PFC has been approved 'in-principle' by CCEA on 06.12.2018. After the completion of this acquisition, REC would remain as a subsidiary of PFC.

(c) The Proposed acquisition intends to achieve:

(i) Integration across the Power Value Chain, obtain better synergies, create economies of scale and have enhanced capability to support energy access and energy efficiency capability to finance power sector.

(ii) Creation of a larger entity with an enhanced balance sheet size. Enhanced capacity to provide higher value loans and extend greater support to various stakeholders in the power sector.

(iii) Removal of duplication of work in case of overlapping /same client.

(iv) Better monitoring of the various accounts owing to the above which can help keep the NPA/NPL under control.

(v) It may also allow for cheaper fund raising with increase in bargaining power for the combined entity.

(d) No Sir.

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