

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

**LOK SABHA
UNSTARRED QUESTION NO.2588
TO BE ANSWERED ON 27.12.2018**

IMPACT OF MERGER OF REC WITH PFC

**2588. SHRI L.R. SHIVARAM GOWDA:
SHRIMATI ANJU BALA:
SHRI TEJ PRATAP SINGH YADAV:**

**Will the Minister of POWER
be pleased to state:**

- (a) whether the Government has decided to merge the Rural Electrification Corporation (REC) with Power Finance Corporation (PFC) and if so, the details thereof;**
- (b) whether it may weaken the financial profile of PFC due to depletion of its cash reserves and an increase in debt taken to fund the acquisition;**
- (c) if so, the details thereof; and**
- (d) the steps being taken by the Government for power sector finance companies that are grappling due to power sector woes?**

A N S W E R

**THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER
AND NEW & RENEWABLE ENERGY**

(SHRI R. K. SINGH)

(a) to (d) : Government of India has decided in-principle for strategic sale of its 52.63% holding in Rural Electrification Corporation (REC) Ltd. to Power Finance Corporation (PFC) Ltd. This would help them to achieve integration across the Power Sector value chain, evoke better synergies, create economies of scale, enhance capability to support energy access and energy efficiency, and may also reduce the cost of power financing. Adequate precautions have been envisaged to maintain their Capital levels.
