

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
STARRED QUESTION NO.233
ANSWERED ON 16.03.2023**

SHARE OF GOVERNMENT IN PFC AND REC

†*233. SHRI SANJAY JADHAV:

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

- (a) the date on which the Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) were established in the country;**
- (b) the objectives for which PFC and REC were established by the Government and the share of the Government in the said corporations and the details of the production capacity of the said units;**
- (c) the date on which the Government started financing power utility equipment in irrigation projects by changing the objective of PFC and REC and the details thereof;**
- (d) the details and the number of States in the country that have received funding for irrigation projects from PFC and REC particularly of the rural areas of Maharashtra;**
- (e) the manner in which the irrigation projects funded by PFC and REC are being implemented in the country;**
- (f) whether the tendering process for the irrigation projects funded by these two units is being carried out in a transparent manner and if so, the details thereof;**
- (g) the details of the agencies executing the work from the funds sanctioned by PFC and REC; and**
- (h) whether the identified/approved agencies are working properly and if so, the reaction of the Government thereto?**

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (h) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF STARRED QUESTION NO. 233 ANSWERED IN THE LOK SABHA ON 16.03.2023 REGARDING SHARE OF GOVERNMENT IN PFC AND REC

(a) : Power Finance Corporation (PFC) Limited was established on 16.07.1986 and REC Ltd. (formerly known as Rural Electrification Corporation Limited) was established on 25.07.1969.

(b) : The objectives of the Government in establishing PFC Ltd. and REC Ltd. are furnished at Annexure-I and Annexure-II respectively. While the Government of India holds 55.99% stakes in PFC Ltd., the Government does not hold any stake in REC Ltd. However, PFC Ltd. holds 52.63% of stakes in the REC Ltd.

PFC Ltd. and REC Ltd. being NBFCs, information on production capacity is not applicable.

(c) : The Government of India allowed PFC Ltd. and REC Ltd. to lend for specific parts Electromechanical [EM], Hydro-Mechanical components and associated civil works such as pumps, motors, pressure mains, etc. of irrigation projects by changing their Objects Clause in the Memorandum of Association (MoA). To augment and cover more power utilization equipment in irrigation projects, the Object Clause of PFC Ltd. was amended on 13.07.2020 and REC Ltd. was amended on 24.09.2021. The relevant Clauses of PFC Ltd. and REC Ltd. are enclosed at Annexure-III and Annexure-IV respectively.

(d) : Two States-Andhra Pradesh and Telangana have received funding for the specific portion of irrigation projects both from PFC Ltd. and REC Ltd. In addition to the above, REC Ltd. has sanctioned loans in the State of Kerala also. No irrigation projects has been funded by PFC Ltd. and REC Ltd. in Maharashtra State.

(e) : The irrigation projects funded by PFC and REC are being implemented through package-wise contracts awarded through online e-Procurement Platform by the borrowers, as per their respective State Government norms.

(f) : PFC Ltd. and REC Ltd. are Non-Banking Financial Companies (NBFC) engaged in lending operations and recoveries of their loans and do not exercise oversight or manage the Tendering processes, which is carried out by the Project companies (borrowers), in terms of their applicable State Government norms. However, PFC Ltd. and REC Ltd. are expected to exercise due diligence to ensure that costs are prudent.

(g) : The details of the agencies executing the work from the funds sanctioned by PFC Ltd. and REC Ltd. are given at Annexure-V and Annexure-VI respectively.

(h) : As reported by PFC and REC, agencies are working and are executing the respective projects properly.

ANNEXURE-I

ANNEXURE REFERRED TO IN PART (b) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 233 ANSWERED IN THE LOK SABHA ON 16.03.2023 REGARDING SHARE OF GOVERNMENT IN PFC AND REC

Main Objectives to establish PFC are given below:

- (i) To finance power projects, particularly thermal and hydro-electrical projects.**
- (ii) To finance the renovation and modernisation of power plants aimed at improving the availability and performance of such plants.**
- (iii) To finance system improvement and energy conservation schemes.**
- (iv) To finance maintenance and repair of capital equipment including facilities for the repair of such equipment, training of engineers and other personnel employed in generation, transmission and distribution of power.**
- (v) To finance surveys and investigations of power projects.**
- (vi) To finance studies, schemes, experiments and research activities associated with various aspects of technology in power development and supply.**
- (vii) To finance promotion and development of other energy sources including alternate and renewable energy sources.**

ANNEXURE REFERRED TO IN PART (b) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 233 ANSWERED IN THE LOK SABHA ON 16.03.2023 REGARDING SHARE OF GOVERNMENT IN PFC AND REC

Main Objectives to establish REC are given below:

- I. To finance rural electrification schemes in the country;**
- II. To subscribe to special rural electrification bonds that may be issued by the State Electricity Boards on conditions to be stipulated from time to time;**
- III. To promote and finance rural electric cooperatives in the country;**
- IV. To administer the amounts received from time to time from the Government of India; and**
- V. Other sources such as grants for the purpose of financing rural electrification in the country.**

Further, objects incidental to attainment of main object permits the works for lift irrigation from rivers and for irrigation for development of sugarcane, tobacco, tea-gardens, other crops and other rural uses, including other works as per sub clause III(b)(3) of Memorandum of Association of REC.

In addition to above clause which was existing prior to year 2009, the objects clause was amended in year 2009 to include various activities having linkage with power projects, including financing of enabling infrastructure facilities that may be required for the speedy and effective development of power sector.

ANNEXURE REFERRED TO IN PART (c) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 233 ANSWERED IN THE LOK SABHA ON 16.03.2023 REGARDING SHARE OF GOVERNMENT IN PFC AND REC

Clauses for funding of Power Utilisation Equipment - PFC

PFC has been funding irrigation projects (Only Electrical, Electro-mechanical components and associated civil works of an irrigation project) through enabling provisions in the objects of MoA. The enabling provisions under which funding of irrigation projects are being done are as under:-

• **Main Objects to be pursued by the company:**

Clause 1: To finance power projects, in particular thermal and hydro-electronic projects

Clause 2: To Finance power transmission and distribution works.

Clause 11: To finance and to provide assistance for those activities having a forward and backward linkage, for the power projects, including but not limited to, such as development of coal and other mining activities for use as a fuel in power project, development of other fuel supply arrangement for power sector, electrification of Railway lines, laying of Railway lines, roads, bridges, ports and harbours & to meet such other enabling infrastructures facilities that may be required.

• **Objects incidental or Ancillary to the attainment of the main Objects:**

Clause 37: Generally to do all such other things as may be deemed incidental or conducive to the attainment of the objects or any of them.

• **The other Objects for which the company is established are:**

Clause 3: To undertake, carry out, promote and sponsor any program for development of power supply for promoting the social and economic welfare of, or the uplift of the rural population including in particular the economically weaker sections and to incur any expenditure in respect thereof and to assist execution and promotion thereof either directly or through an independent agency or in any other manner.

The revised enabling provision presently applicable for funding irrigation projects (after MoA was amended in Oct, 2020 complying with Companies Act) is as given below :-

• **“To finance projects, activities or works including electrification works of creation, up-gradation, renovation, improvement, maintenance, repair, modernization, modification, replacement, augmentation, etc. of electrical and electromechanical systems, standalone or that are part of large projects e.g. Projects of Lift Irrigation, Sewage treatment plant, Smart City, Electrification of railway line, etc.”**

ANNEXURE REFERRED TO IN PART (c) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 233 ANSWERED IN THE LOK SABHA ON 16.03.2023 REGARDING SHARE OF GOVERNMENT IN PFC AND REC

Clauses for funding of Power Utilisation Equipment – REC

REC has been funding Power utilization equipment for irrigation purposes since incorporation of Company in the year 1969. Further, REC objects incidental to attainment of main objects {clause III (b)(3)} inter-alia permits the works for lift irrigation from rivers etc. which was existing prior to year 2009. The objects clause was further amended in year 2009 to include various activities having linkage with power projects, including financing of enabling infrastructure facilities that may be required for the speedy and effective development of power sector. The gist of relevant Clause of Memorandum of Association of REC is reproduced below:

- I. To finance rural electrification schemes in the country;**
- II. To subscribe to special rural electrification bonds that may be issued by the State Electricity Boards on conditions to be stipulated from time to time;**
- III. To promote and finance rural electric cooperatives in the country;**
- IV. To administer the amounts received from time to time from the Government of India; and**
- V. Other sources such as grants for the purpose of financing rural electrification in the country.**

Further, the objects clause of Memorandum of Association of REC was recently amended in the year 2021, inter-alia which also includes power utilization equipment in irrigation projects, electrical and electro-mechanical/hydro systems, forming part of large projects including lift-irrigation projects, etc.

ANNEXURE REFERRED TO IN PART (g) OF THE STATEMENT LAID IN REPLY TO STARRED QUESTION NO. 233 ANSWERED IN THE LOK SABHA ON 16.03.2023 REGARDING SHARE OF GOVERNMENT IN PFC AND REC

The details of the agencies executing the work from the funds sanctioned by PFC Ltd.:-

1. Kaleshwaram Project: Implementing Agency (Kaleshwaram Irrigation Project Corporation Ltd.)

Package	Name of the Contractor
Package 6 (tunnel/canals from Sripada Yellampally Reservoir to Medaram Tank, Pump House and Associated works)	M/s. NAVAYUGA-PATEL-BHEL (Consortium)
Package 8 (tunnel/canals from Medaram Tank to Midmainair reservoir, Pump House and Associated works)	M/s. MEIL-SEW-MAYTAS-BHEL (Consortium)
Package 9 (tunnel/canals from Midmainair reservoir to Upper Manair Reservoir, Malkapet Reservoir, Pump House and Associated works)	M/s. IVRCL-BATPASCO-WPIL-MHI (JV)
Package 10 (tunnel/canals from Midmainair reservoir to Anantagiri Reservoir, Pump House and Associated works)	M/s. HCC-MEIL-BHEL (JV)
Package 11 (tunnel/canals from Anantagiri Reservoir to Sri Ranganayaka Sagar, Pump House and Associated works)	M/s. SEW-MEIL-BHEL (JV)
Package 12 (tunnel/canals from Sri Ranganayaka Sagar to Sri Komaravelly Mallana Sagar Reservoir, Pump House and Associated works)	M/s. MEIL-SEW-ABB-AAG (JV)
Package 14 (canal upto Konda Pochamma Reservoir, Pump House and associated works)	M/s. Megha Engineering Infrastructure Ltd
Package 20 (tunnel/canals from SRSP Foreshore to Masani Tank, Pump House and Associated works)	M/s. IVRCL-BATPASCOP-WPIL-MHI(JV)
Package 21 (tunnel/canals from Masani Tankto Kondem Cheruvu, Pump House and Associated works)	M/s. NAVAYUGA-AAG-ABB(JV)
Package 22 (tunnel/canals from Kondem Cheruvu to Bhumapally Reservoir ,Pump House and Associated works)	M/s. SCL-INDU-KBL-WEG(JV)
Package 27 (tunnel/canals from Kondem Cheruvu to Bhumapally Reservoir ,Pump House and Associated works)	M/s. SUSHEE-ZVS-FLOWMORE(JV)
Package 28 (Canal System from Sriram Sagar to Hangarga Village Village)	M/s. MEIL-ZPS-PVSRSN-ITT(Consortium)
Package 21A (Pressurized Pipe System)	M/s. MEIL-HES (JV)
Medigadda Barrage	M/s. L&T PES (JV)
Medigadda Lift	M/s. MEIL NCC (JV)
Annaram Barrage	M/s. AFCONS VIJETA PES
Annaram Lift	M/s. Megha Engineering Infrastructure Limited, HYD
Sundilla Barrage	M/s. NAVAYUGA GMW (JV)
Sundilla Lift	M/s. Megha Engineering Infrastructure Limited, HYD

2. Palamuru Rangareddy Lift Irrigation Project: Implementing Agency (Kaleshwaram Irrigation Project Corporation Ltd.)

Package	Name of the Contractor
Package 1 Pump House at Narlapur and associated work	M/s Navayuga Engineering Company Ltd.,
Package 5 Pump House at Yedula and associated works	M/s MEIL-BHEL (JV)
Package 8 Pump House at Vattem and associated works	M/s MEIL-BHEL (JV)
Package 16 Pump House at Udandapur and associated works	M/s Navayuga - RVR (JV)
Substation and Transmission lines	TSTRANSCO

3. Rayalseema Drought Mitigation Project:

Implementing Agency: Andhra Pradesh Rayalseema Drought Mitigation Projects Development Corporation Limited

Sl. No.	Project work	Name of the Contractor
1.	Rayalaseema Lift Scheme to draw and utilize 3 TMC per day from Sangameswaram to SRMC at Km 4 from Pothireddypadu Head Regulator	M/s SPML- NCC- MEIL (JV)
2.	Formation of Rajoli Reservoir across Kundu River on upstream side of existing Rajoli Anicut for a total storage capacity of 2.95 TMC of water	M/s MRKR- RITHWIK (JV), HYD
3.	Construction of Joladarasi Reservoir with 0.80 TMC capacity across Kundu River at Joladarasi (V), Koilakuntla (M), Kurnool Dist.	M/s MRKR- RITHWIK (JV), HYD
4.	Improvements of GNSS FFC : Widening of GNSS FFC from Owk Reservoir to Gandikota Reservoir	M/s MRKR Constructions & Industries Pvt Ltd, Hyderabad
5.	Additional Gandikota Tunnel to carry 10,000 cusecs for feeding to Gandikota reservoir.	
6.	Errabali Lift Irrigation Scheme to supplement UCIL affected villages including Formation Reservoir at Giddangivaripalli	
7.	Kundu Lift Irrigation scheme	M/s Megha Engineering Infrastructures Ltd, Hyderabad
8.	Upgradation of Gandikota CBR Lifts & Gandikota Paidipalem Lift Scheme	
9.	Development of Micro Irrigation under PBC, CBR Right Canal and GLI Systems	
10.	GNSS to HNSS Lift Irrigation Scheme	M/s PLR Projects Private limited, & Navayuga Engineering Company Limited (JV), Hyderabad
11.	Package-I : Improvements of HNSS Main canal from -4.806 Km to 88.00 Km	M/s Megha Engineering Infrastructures Ltd, Hyderabad
12.	Package-2 : Improvements of HNSS Main canal from 88.00 Km to 216.3 Km	M/s DSR-VPR Joint Venture
13.	Enhancing the carrying capacity of Punganuru Branch Canal under HNSS P-II to feed upto Kuppam including irrigation network	M/s NCCL
14.	Formation of three balancing reservoirs near Muivedu, Netiguttapalli and Avulapalli	M/s NECL-RRCIPL (Joint Venture), Hyderabad,
15.	Widening of Somasila Kandaleru Flood Flow Canal (SKFF)	M/s VPR-GDR-MRGR (JV)
16.	Improvements to GKN Canal from Somasila to feed Rallapadu Reservoir	VPR-GDR-MRGR (JV) Hyd Pvt Ltd

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The details of the agencies executing the work from the funds sanctioned by REC Ltd.:-

Sl. No.	Project Name	Agencies executing the works
Andhra Pradesh		
1.	Chintalapudi Lift irrigation scheme	Package - 1: M/s MEIL – Gayatri – ZVS – ITT - Consortium Ltd. Package - 2: M/s Gayatri Projects Ltd. Package - 3: M/s MEIL Package - 4: M/s NEC – RVR (JV), Hyderabad
2.	Kondaveetivagu Lift scheme – Flood relief Scheme	M/s. MEIL, Hyderabad
3.	Purushottapatnam Lift irrigation scheme	M/s. MEIL, Hyderabad
4.	Interlinking of Godavari-Penna Rivers Phase 1 Project	M/s MEIL & RVR
Telangana		
1.	Indiramma Flood Flow Canal (IFFC)	M/s Navayuga Engineering Company Limited; M/s MEIL-RATNA-KBL (JV), M/s Megha Engineering & Infrastructures Ltd.; M/s Integrated Engineering; TS TRANSCO
2.	Sita Rama Lift Irrigation Project	M/s Megha Engineering & Infrastructures Ltd; M/s NCC-PRATHIMA-AMRUTHA(JV); M/s SDC-KAVERI TS TRANSCO
3.	PV Narasimha Rao – Kanthanapally Sujala Sravanthi scheme at Thupakulagudem	M/s SEW-RITHWIK (JV), Hyderabad
4.	J. Chokkarao – Devadula Lift Irrigation project	M/s. Coastal Projects Pvt. Ltd., Patel
	Already executed E&M works under Devadula & Other works	Engineering Ltd., Jyoti Ltd., CBE Consortium; M/s. HCC SEW-MEIL-AAG(JV); M/s.NCC-MEIL-ZVS-SIGMA Consortium; M/s.MEIL-PRASD-KBL (JV); M/s. Megha Engineering & Infrastructures Limited TS TRANSCO

5.	E&M, H&M and associated Civil works for lifting capacity enhancement of existing system by 1.1 TMC (Thousand Million Cubic Feet) water per day from Sripada Yellampally Project (SYP) to Mid Mannair Reservoir under Link 2	M/s MEIL, Hyderabad TS TRANSCO
6.	E&M, H&M and associated Civil works For lifting of additional 1 TMC water per day from Medigadda Barrage on Godavari River to Reservoir at Sripada Yellampally Project (SYP) under Link-1	M/s MEIL-NCC (JV); M/s Megha Engineering & Infrastructures Ltd
7.	E&M, H&M and associated Civil works For lifting of additional 1 TMC water per day from Mid Manair Reservoir to Sri Komaravelli Mallana Sagar Reservoir under Link-4	M/s Pratima-NCC-NECL (JV); M/s Megha Engineering & Infrastructures Ltd.; M/s KNR-NAVAYUGA-NCC (JV)
Kerala		
1.	Electrical, Electro-Mechanical, Hydro system & Pumping station works under 12 no. irrigation projects in various districts of Kerala	Kerala Irrigation Infrastructure Development Corporation Ltd (KIIDC)
2.	Electrical, Electro-mechanical, Pumping station and Hydro systems works under 38 no. water pumping station/ water supply projects in various districts of Kerala	Kerala Water Authority (KWA)
