

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
UNSTARRED QUESTION NO.2006
ANSWERED ON 14.12.2023**

ESTABLISHMENT OF PFC AND REC

**†2006. SHRI GAJANAN KIRTIKAR:
SHRI KRUPAL BALAJI TUMANE:**

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

- (a) the year in which Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) were established;**
- (b) the objectives behind establishment of PFC and REC along with the share of the Government in PFC and REC;**
- (c) the year in which the objective of PFC and REC was converted into the financing of power utilisation equipment for irrigation projects;**
- (d) the number of States which have received financing from PFC and REC for irrigation projects, State/UT-wise;**
- (e) whether transparent tender process in the financed irrigation projects is being done by PFC and REC; and**
- (f) if so, the details of agencies executing the work through funds sanctioned by PFC and REC?**

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(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 behind establishing PFC Ltd. and REC Ltd. are furnished at Annexure-I and Annexure-II respectively. The Government of India holds 55.99% stake in PFC Ltd. The Government does not hold any stake in REC Ltd., however, PFC Ltd. holds 52.63% stake in the REC Ltd.

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(c) : A robust infrastructure across different sectors was critical to India's journey to become a strong economy. Focused intervention and large capital infusion were required for the paradigm shift of the infrastructure sector. While PFC was incorporated as a financial institution to exclusively fund the Power sector, REC was created to energize and finance the rural sector particularly the agricultural pump sets for optimized irrigation to reduce dependency of agriculture on monsoon. The Government of India allowed PFC Ltd. and REC Ltd. to expand their lending portfolio to other infrastructure sectors; including of Electromechanical [EM] systems, stand-alone or that are part of large projects, e.g. Projects of Lift irrigation, sewage treatment plants, smart city project, electrification of Railway line etc. The Object Clause of PFC Ltd. was amended on 13.07.2020 and that of REC Ltd. was amended on 24.03.2021 to permit the above.

(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 released funds to the State of Kerala also.

(e) : PFC Ltd. and REC Ltd. are Non-Banking Financial Companies (NBFCs) 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.

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

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF UNSTARRED QUESTION NO. 2006 ANSWERED IN THE LOK SABHA ON 14.12.2023

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.**
- (viii) To lend up to a ceiling of 30% of outstanding loan book of the Company, to the logistic and non-power infrastructure sectors subject to the condition that for every financial year 2/3rd of new sanctions or 66% sanctions should be for power & Green Energy Projects only.**

ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF UNSTARRED QUESTION NO. 2006 ANSWERED IN THE LOK SABHA ON 14.12.2023

Main Objectives to establish REC are given below:

- (i) To finance rural electrification schemes in the country. Subsequently the mandate of REC was expanded to include financing of all power projects including Generation, Transmission and Distribution.**
- (ii) To administer the amounts received from time to time from the Government of India and other sources such as grants for the purpose of financing rural electrification in the country.**
- (iii) To promote and finance rural electric cooperatives in the country;**
- (iv) 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;**
- (v) 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.**
- (vi) In addition to above, the objects clause was amended in year 2008 to include various activities having linkage with power projects, such as development of coal and other mining activities for use as fuel in power projects, development of other fuel supply arrangement for the power sector and to meet other enabling infrastructure facilities that may be required for speedy and effective development of power sector.**
- (vii) To lend up to a ceiling of 30% of outstanding loan book of the Company, to the logistic and non-power infrastructure sectors subject to the condition that for every financial year 2/3rd of new sanctions or 66% sanctions should be for power & Green Energy Projects only.**

ANNEXURE REFERRED TO IN REPLY TO PART (f) OF UNSTARRED QUESTION NO. 2006 ANSWERED IN THE LOK SABHA ON 14.12.2023

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 Vатtem 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 & GandikotaPaidipalem 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 Mudivedu, 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
17.	Improvements to GNSS Canal from Km.0.00 to Km.56.00	M/S SLR Infra Pvt. Ltd, Hyderabad, M/S PLR Projects Pvt
18.	Alavalapadu Lift Irrigation Scheme	M/S SLR Infra Pvt. Ltd, Hyderabad
19.	Galivedu Lift Irrigation Scheme	M/S KCCL- NAR Joint venture, Hyderabad

ANNEXURE-IV**ANNEXURE REFERRED TO IN REPLY TO PART (f) OF UNSTARRED QUESTION NO. 2006 ANSWERED IN THE LOK SABHA ON 14.12.2023**

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 SripadaYellampally 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 worksFor 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)
