

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:6578  
ANSWERED ON:08.05.2003  
LOAN TO KERALA  
V.S. SIVAKUMAR

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

(a) whether there is any proposal under consideration before the Government of India to restructure and reschedule the undertakings of REC and PFC's loans of Rs.1197.22crores and Rs.134.06 crores respectively by waiving and relaxing the conditions insisting Government guarantee for loan of Kerala State Electricity Board in order to reduce rate of interest; and

(b) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER ( SHRIMATI JAYAWANTI MEHTA )

(a) & (b) : Kerala State Electricity Board (KSEB) has submitted proposal to Rural Electrification Corporation (REC) for restructuring of loans amounting to Rs.264.14 crores. REC has offered to restructure its loan by replacing its high cost loans with loans carrying the current lower rate of interest. Under the scheme, REC would take 50% of the Net Present Value (NPV) of the difference between the existing and the new rate. The balance 50% would be waived. As far as Power Finance Corporation (PFC) is concerned, there is no proposal pending with them to restructure and reschedule the loans amounting to Rs.134.06 crores of KSEB. However, PFC has restructured the loans of KSEB amounting to Rs.100 crores in December, 2002 on their request as per the policy of the corporation.