

PREFACE

This Report of the Comptroller and Auditor General of India has been prepared under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended in 1984. The audit has been carried out in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

The Report contains results of audit of 'Loans to Independent Power Producers by Rural Electrification Corporation Limited and Power Finance Corporation Limited'. Rural Electrification Corporation Limited (REC) and Power Finance Corporation Limited (PFC) disbursed loans of ₹47706.88 crore to Independent Power Producers (IPPs) during 2013-14 to 2015-16. During the same period, non-performing assets (NPAs) in respect of such IPPs increased from 2.32 *per cent* to 13.90 *per cent* (REC) and 4.28 *per cent* to 19.86 *per cent* (PFC). Given its significance, an audit of sanction and disbursement of loans to IPPs by REC and PFC was taken up.

Audit wishes to acknowledge the cooperation extended by REC, PFC and Ministry of Power, Government of India at each stage of the audit process.

