

Guidelines on investment of surplus funds by PSUs.

Reference is invited to the OM of even number dated 14.12.94 and the subsequent clarifications issued by DPE vide O.M. dated 1.11.95 on the above mentioned subject. Through these OMs the PSUs were advised that the investment of surplus funds in UTI and other public and private sector mutual funds should not be made as they are inherently risky. The PSUs were further advised that the existing holdings or the enterprises in UTI or other similar schemes or various other mutual funds be disinvested to fall in line with these guidelines and such liquidation of holdings be phased out without running the risk of capital loss.

2. The matter has been further examined by the Government and it has now been decided that the existing holdings of PSUs in various schemes of UTI and similar mutual funds schemes of other public sector and private sector mutual funds may be phased out over a period of three years.

3. The administrative Ministries/Departments are requested to suitably advise the public enterprises under their administrative control to strictly comply with these guidelines.

4. These guidelines are issued in consultation with Ministry of Finance.

(DPE No. DPE/4(6)/94-Fin. dated 11/03/1996)
