

Investment of Surplus Fund by PSUs.

The Government had vide OM of even number dated 14th December, 1994 and OM dated 1.11.95 issued detailed guidelines on investment of surplus funds by the PSUs. A reference was received by the Government on the applicability of these guidelines to the finance sector PSUs. The matter has been examined in consultation with Ministry of Finance and it is clarified that the finance sector PSUs are by and large development financial institution set up under Section 4(9) of the Companies Act as public Financial Institutions. These companies are governed by the RBI directives for non-banking finance companies. Such of these companies which are already registered with RBI are guided by RBI directive for maintenance of liquid assets in India in the form of deposit/investments in Central or State Govt. Securities or Govt. guaranteed bonds at a level higher than those which are not registered with RBI.

2. In view of the above, it has been decided that the finance sector PSUs, get registered with RBI as NBFCs, in case where it is not already done and completely falls in line with the directive/monitoring process of RBI. The NBFCs in Public Sector registered with RBI will be outside the purview of the above referred guidelines issued by DPE.

3. The Administrative Ministries/Departments are requested to suitably advise the Public Enterprises under their Administrative control to strictly comply with the guidelines.

(DPE O.M. No. 4/6/94-Fin dated 02/071996)
