

## **Investment of Surplus Funds by the Public Sector Enterprises**

The Government vide OMs of even number dated 14th December, 1994, 1st November, 1995 and 11th March 1996 issued detailed guidelines on investment of Surplus Funds by the Public Sector Undertakings. Para 2 of the guidelines dated 1.11.1995 mentioned "the existing holdings of the enterprises in the UTI Schemes or similar schemes of various other Public Sector and Private Sector Mutual Funds have to be disinvested to fall in line with these guidelines. Such investment may, however, be phased out without running the risk of capital losses with due approval from the Boards of the Public Enterprises". Further, the O.M. dated 11.3.96 advised that the existing holdings of PSUs in various schemes of UTI and similar mutual fund schemes of other Public Sector and Private Sector Mutual Funds may be phased out over a period of three years.

2. The Government have further reviewed the situation. Taking into account the various factors regarding the establishment and investment activities of UTI and recognition of Units as eligible securities under the Indian Trusts Act, 1882, and the regulatory frame work of SEBI, it has been decided to remove the existing restrictions on investment of surplus funds of PSEs in the Units/Schemes of UTI as contained in the above mentioned guidelines.

3. The above clarifications may please be kept in view by the Boards of Public Sector Enterprises while taking decision to invest/disinvest in the Units of UTI. The administrative Ministries may please advise suitably the PSUs under their administrative control.

**(DPE O.M. No. 4/6/94-Fin dated 14/02/1997)**