

Guidelines for investment of surplus fund by Public Sector Enterprises.

Reference is invited to the Department of Public enterprises OM of even number dated 14th December, 1994 detailing the guidelines for investment of surplus fund by public sector enterprises, in the wake of Joint Parliamentary Committee Report which enquired into the irregularities in security transactions noticed by the Committee in case of certain public enterprises. These guidelines were followed by OM dated 1.11.95, 11.3.96, 2.7.96 and 14.2.97 indicating certain modifications in the policy and certain clarifications which were raised from different quarters on the specific methods of investment of surplus funds.

There have been certain representations from public sector enterprises that the guidelines leave no scope for the public enterprises to fully utilize their surpluses for a duration of less than 15 days, and that these enterprises may be permitted to invest their surpluses in the inter-bank call money deposits on a day-to-day basis through the Discount and Finance House India Ltd. (DFHI), a company jointly owned by RBI, nationalized banks and the financial institutions.

The above representations have been considered in consultation with the Ministry of Finance and it has been decided that the public sector enterprises may be allowed to invest their surplus funds in the call money deposits after taking individual approvals from the Reserve Bank of India.

Administrative Ministries/Departments are requested to suitably advise the public enterprises under their administrative control to follow the procedure in case they are interested in investing their surplus fund in call money deposits.

(DPE O.M. No.4(6)/94-Fin.G-XVII dated 25/11/1999)
