

Investment of surplus funds by Central Public Sector Enterprises (CPSEs).

Reference is invited to the O.M. No. 4(6)/94-Fin. Dated 14.12.94 and subsequent clarifications issued by DPE vide O.M. dated 1.11.1995 and 11.3.96 on the above mentioned subject. The CPSEs were, accordingly, advised that the investment of surplus fund in public and private sector mutual funds should not be made as they are inherently risky.

2. The Government have further reviewed the position. As the mutual funds are now under the regulatory and supervisory purview of SEBI and to provide CPSEs a level playing field with the private sector in terms of investment options, it has been decided to remove the prohibitions on investment of surplus funds of CPSEs in mutual funds subject to the following conditions:

(i) Only Navratna and Miniratna CPSEs are permitted to invest in SEBI regulated public sector mutual funds.

(ii) Investments in schemes of such mutual funds, having equity investments, should not exceed 30% of the available surplus funds of the concerned CPSE.

(iii) The Board of Directors of these CPSEs would decide the guidelines, procedures and management control systems for investment in such mutual funds in consultation with the Administrative Ministries.

3. The arrangements indicated in para 2 will be reviewed by the Government after gaining experience for one year.

4. The administrative Ministries/Departments are requested to suitably advise the Navratna and Miniratna public enterprises under their administrative control to strictly comply with the guideline.

(DPE OM No. 11/47/2006-Fin dated 31/08/2007)