

Investment of surplus funds by CPSEs.

A reference is invited to O.M. of even number dated 31st August, 2007 on the above subject allowing Navratna and Mini-ratna CPSEs to invest in equity schemes of SEBI regulated Public Sector Mutual Funds up to 30% of available surplus funds of the concerned CPSEs. References have been received from various Departments/Ministries and CPSEs to clarify whether the limit of 30% is for investment in mutual funds as a whole or only for equity schemes of mutual funds.

2. The matter has been considered and it is clarified that the limit of 30% of available surplus funds is for investment in Public Sector Mutual Funds as a whole and not for only equity schemes of Public Sector Mutual Funds.

3. In view of inherent risk in investing in equity stocks, there is a need to maintain necessary precautions in investing in equity investments through Mutual Funds.

4. The Administrative Ministries/Departments are requested to advise suitably to Navratna and Mini-ratna CPSEs under their control.

(DPE OM No. /11/47/2006-Fin dated 15/04/2008)
