

Investment of Surplus Funds of Central Public Sector Enterprises (CPSEs).

Reference is invited to this Office Memorandum No DPE/11(47)/2006-Fin dated 11.04.2008 on the above subject advising CPSEs to place at least to the extent of 60% of surplus funds with Public Sector Banks, to discontinue the practice of inviting competitive bids for bulk deposits and place their bulk deposits with the banks(s) with whom they have a regular course of business, including public sector banks.

2. It has been informed by Ministry of Finance, Department of Financial Services that some CPSEs are still inviting bids for placement of their funds, resulting in undesirable competition amongst the banks leading to arbitrary and artificial hikes in deposit rates which have consequences for the economy as a whole.

3. Administrative Ministries/Departments are, therefore, requested to reiterate these instructions for strict compliance by the CPSEs under their administrative control in this regard.

4. This issues with the approval of Secretary in this department.

(DPE OM No. /11(47)/2006-Fin dated 14/08/2008)