

GOVERNMENT OF INDIA  
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES  
LOK SABHA

UNSTARRED QUESTION NO: 3566

ANSWERED ON:04.08.2014

INVESTMENT OF SURPLUS FUNDS OF CPSES

Shrirang Appa Barne

(a)whether the Government has issued guidelines on investment of surplus funds of Central Public Sector Enterprises (CPSEs)

(b)if so, the details thereof of including the salient features of the guidelines for the purpose.

(c)whether the Government proposes to utilise the surplus funds of CPSEs to finance some of its social developments schemes;

(d)if so, the details thereof including the scheme which are proposed to be financed by the surplus funds; and

(e)the mechanism put in place by the Government to oversee/monitor the activities of CPSEs including proper investment of their surplus funds?

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:-

**ANSWER**

THE MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI PON. RADHAKRISHNAN)

(a) & (b) Government has issued guidelines from time to time on investment of surplus funds of CPSEs to ensure maximum safety, no element of speculation on the yield, sound commercial judgment and maturity period of not more than one year. Instruments have been specified through which surplus funds of the CPSEs can be invested. Recently it has also been decided that Navratna and Miniratna CPSEs can invest 30% of their surplus funds in SEBI regulated Public Sector Mutual Funds.

It has also been decided that at least 60% of surplus funds should be placed with Public Sector Banks and the practice of inviting competitive bids for bulk deposits should be discounted.

( C) No, Madam;

(d) Does not arise.

(e) Government has established mechanism of MoU, which is a mutually negotiated agreement between the management of the CPSEs and the Government of India/Holding Company, which evaluates the performance of the management of the CPSE in given year with reference to the commitments against specific indicators made in the MoU. Decision on investment of surplus funds are taken by board of CPSEs. The power for investment of short term funds upto one year maturity may be delegated to a designated group of Directors (s), which should invariably include CMD & Director (Finance). Board of Directors also decide the guidelines, procedures and management control systems for investment in mutual funds in consultation with the Administrative Ministries.