

Surplus Funds to PSUS

*795. SHRI V. SREENIVASA PRASAD : Will the PRIME MINISTER be pleased to state :

- (a) whether the Government have issued fresh guidelines on investment of surplus funds to PSUs ;
- (b) if so, the details thereof;
- (c) whether the PSUs are finding it difficult to generate funds ; and
- (d) if so, the reaction of the Government thereto and the steps proposed to be taken to help these PSUs?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT AND DEPARTMENT OF HEAVY INDUSTRY) (SHRIMATI KRISHNA SAHI) . (a) and (b) . Yes, Sir. The Government have issued fresh guidelines on 14.12.1994 to PSUs on investment of surplus funds. The PSEs have been directed to observe the following guidelines .-

- (i) Investments should be made only in instruments with maximum safety
- (ii) There should be no element of speculation on the yield obtaining from the investment.
- (iii) There should be a proper commercial appreciation before any investment decision of surplus funds is taken. The surplus availability may be worked out for period of minimum one year at any point of time.
- (iv) Funds should not be invested by the PSE at a particular rate of interest for a particular period of time while the PSE is resorting to borrowing at an equal or higher rate of interest for its requirements for the same period of time
- (v) Investment decision should be based on sound commercial judgement. The availability should be worked out based on cash flow estimates taking into account working capital requirements, replacement of assets and other foreseeable demands.
- (vi) The remaining period of maturity of any instrument of investment should not exceed one year from the date of investment where the investment is made in an instrument already issued. Where investment is made in an instrument newly issued, the final maturity of the instrument should not exceed one year. However, only in the case of term deposits with banks, it can be upto three years.

Investments may be made in one or more of the following instruments, subject to principles outlined in the previous paragraph :

- (i) Term deposits with any scheduled commercial bank (i.e., banks incorporated in India) and with a paid up capital of at least Rs. 100 crores, fulfilling the capital adequacy norms as prescribed by the R.B.I. from time to time. These adequacy norms should be reflected in the last published balance sheet.
- (ii) Instruments which have been rated by an established Credit Rating Agency and have been accorded the highest credit rating signifying highest safety, e.g.,

Certificates of Deposits, deposits schemes or similar instruments issued by scheduled commercial banks/ term lending institutions including their subsidiaries, as well as commercial paper of corporates.

- (iii) Intercorporate loans are permissible to be lent only to Central PSEs, which have obtained highest credit rating awarded by one of the established Credit Rating Agencies for borrowings for the corresponding period.
- (iv) Any debt instrument which has obtained high host credit rating from an established credit rating agency.

Decisions on investment of surplus funds shall be taken by the PSU Board. However, decisions involving investing shortterm surplus funds upto one year maturity may be delegated upto prescribed limits of investment, to a designated group of director(s), which should invariably include CMD and Director (Finance)/Head of Finance internally. Where such delegation is made, the delegation order should spell out the levels of approval and the powers of each official which should be strictly observed. Where such delegation is exercised, there should be a proper system of automatic internal reporting to the Board at its next meeting in all cases.

PSEs should ensure that all investment decisions are in accordance with the regulations as per the Company Law and Government of India instructions and any other relevant legislation and rules as applicable. Any investment already made, which is not in conformity with the above guidelines should not be renewed after maturity.

Every PSE should arrange to place the above guidelines at its next Board meeting and evolve a suitable procedure to cover investment of surplus funds to be followed by the company.

(c) and (d) : Some of the PSUs are finding it difficult to generate funds. As and when such requirements are brought to the notice of the Government, remedial measures are suggested to such PSUs by administrative Ministries concerned. Budgetary support is given on selected basis depending upon the needs of the enterprises as well as availability of funds.

[Translation]

Brick Industry

*796. SHRI LAKSHMI NARAIN MANI TRIPATHI: Will the PRIME MINISTER be pleased to state :

- (a) the number of small industries engaged in the manufacturing of bricks in the country till March 31, 1995;
- (b) whether these industries are fully covered under rural and small industrial sector;
- (c) whether the Government are neglecting these industries; and
- (d) the facilities and assistance provided by the Union Government to these industries till March 31, 1995?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF SMALL SCALE INDUSTRIES AND AGRO AND RURAL INDUSTRIES) (SHRI M. ARUNACHALAM): (a) The data on the number of brick

industries in the country is not centrally maintained. However, as per the information supplied by the Building Material and Technology Promotion Council, Ministry of Urban Development as well as the All India Brick and Tile Manufacturers Federation, New Delhi, there are about 60,000 small scale, both registered and unregistered units in the country.

(b) The brick-kiln industry has been recognised as small scale industry by Government of India and the industry is entitled to all the facilities, incentives and assistance which are available to the small scale sector

(c) In view of (b) above, the question of neglecting these industries does not arise.

(d) The industry is availing facilities as per the policy for small scale industry through the Central and State Government agencies like the Small Industries Service Institute, the State Director of Industries and the National Research Institutes like the Central Building Research Institute, Roorkee, the Regional Laboratories, the National Building Organisation, the National Council of Cement and Building Material and the Building Material & Technology Promotion Council (Ministry of Urban Development) in the field of technical assistance, creation of awareness for updating brick making technology, transfer of improved technology from the R&D institutions to entrepreneurs and in the field of improving productivity, fuel efficiency and environmental pollution control.

Apart from this, assistance is being provided through training programme on brick production technologies etc. The technologies developed by the National Research Institutes are being exploited through the National Research Development Corporation for the benefit of the existing industry. So far about 168 entrepreneurs have benefited through adoption of new technologies in the field of manufacture of bricks by semi-mechanised process using high draft kilns, fly ash bricks, clay fly ash bricks etc. The industry has also benefited through adoption of low cost machinery developed by research institutes. Separately, the KVIC is also engaged in financially and technically assisting brick kiln units by providing loan @ 4% interest rate and additionally by way of subsidisation of bank interest beyond 4%

DRDO Laboratories

*797 SHRI RAJENDRA AGNIHOTRI Will the PRIME MINISTER be pleased to state

(a) total number of laboratories of DRDO in the country, location-wise ,

(b) the details of the research and achievements of DRDO during the last three years ; and

(c) the expenditure incurred thereon during the above period ?

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI MALLIKARJUN) : (a) and (b) : A Statement is attached herewith.

(c) Expenditure incurred by DRDO during last three years is as under :-

(Rs. in Crore)

Year	Expenditure (Gross)
1992-93	793
1993-94	1049
1994-95	1257*

*Modified Appropriation

STATEMENT

(a) and (b) . Locationwise number of DRDO laboratories/ establishments is given as under .-

Location	No. of Labs/Estt
Agra	1
Ahmednagar	1
Balasore	2
Bangalore	10
Bombay	1
Chandigarh	1
Cochin	1
Dehradun	2
Delhi	11
Gwalior	1
Haldwani	1
Hyderabad	5
Jodhpur	1
Kanpur	1
Leh	1
Madras	1
Manali	1
Mussoorie	1
Mysore	1
Pune	4
Tezpur	1
Visakhapatnam	1
Total	50

Research & Development undertaken by DRDO :

DRDO laboratories/establishments have undertaken research and development projects in wide spectrum of technologies. These are :

Armament	: Small arms, guns, ammunitions and explosives
Combat Vehicles	: Main Battle Tank and related sub-systems, Specialist Vehicles
Electronics & Instrumentation	: Electronics and Communication Systems, Radars, Electronics Warfare Systems
Engineering Systems	: Military bridging and allied systems