

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1836

ANSWERED ON:24.08.2007

CHANNELISING CASH FLOW FROM PSES TO DEBT SCHEMES

Acharia Shri Basudeb;Adhalrao Patil Shri Shivaji;Ajaya Kumar Shri S.;Barad Shri Jashubhai Dhanabhai;Patil Shri Balasaheb Vikhe;Prabhu Shri Suresh Prabhakar;Sikdar Smt. Joytirmoyee;Singh Shri Suraj;Suman Shri Ramji Lal;Verma Shri Ravi Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of any proposal regarding investment of inflow of cash from Public Sector Enterprises (PSEs) into equity and debt schemes;
- (b) if so, the details thereof;
- (c) whether the Government has laid down any guidelines in this regard; and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : The Cabinet Committee on Economic Affairs has recently approved relaxation of the prohibition on investment of surplus funds by PSEs in mutual funds. However, it has restricted the relaxation to Navratna and Miniratna Public Sector Enterprises investing in public sector mutual funds subject to the condition that they would not invest more than 30% of the available surplus funds in equity mutual funds and the Board of PSEs would decide the guidelines, procedures and management control systems for such investment in consultation with their administrative Ministries.