

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

UNSTARRED QUESTION NO:3080
ANSWERED ON:30.08.2012
CPSES INVESTMENT IN MUTUAL FUNDS
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Government has permitted Central Public Sector Enterprises (CPSEs) to invest surplus in mutual funds;
- (b) if so, the amount invested so far in mutual funds during the last three years and the current year and profit earned from such investment during the period;
- (c) whether the expansion and modernization of CPSEs have been affected due to such investments; and
- (d) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

- (a) In August 2007, Government issued guidelines, which inter alia, permit Navratna and Miniratna Central Public Sector Enterprises (CPSEs) to invest up to 30% of their available surplus funds in Securities and Exchange Board of India (SEBI) regulated Public Sector Mutual Funds. In January 2009; Government reviewed the position and decided to continue the scheme till further orders.
- (b) CPSEs decide about the short term investment in mutual funds on the basis of their assets and liability mismatch. This being a routine operation of CPSEs, details of the investments by CPSEs in mutual funds and the returns thereon are not maintained centrally.
- (c)to(d).Decisions about their expansion and modernization are taken by CPSEs on a case-to-case basis depending upon their corporate plan which inter alia also stipulates the funding of such activity. Investment of surplus cash is ordinarily beyond such provisions.