

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1368
ANSWERED ON:30.11.2012
INVESTMENT OF PSUS SURPLUS IN MFS
Tarai Shri Bibhu Prasad

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government is considering proposals to lift the ban on public sector undertakings (PSUs) to invest their surplus cash into private sector managed Mutual Funds (MFs) instead of public sector managed funds;
- (b) If so, the details thereof and the reasons therefor; (
- (c) The details of suggestions received from various quarters in this regard and points incorporated therein; and
- (d) The steps taken or proposed to be taken to put in place the mechanisms for the protection of public money invested in private ventures?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a), (b) & (c). As per vide DPE OM No.DPE/11 /47/2006- Fin dated 31 August, 2007, the Government issued guidelines, inter-alia, permitting Navratna and Miniratna Central Public Sector Enterprises (CPSEs) to invest up to 30% of the available surplus funds in SEBI regulated public sector mutual funds. In January 2009, Government reviewed the position and decided to continue the scheme till further orders.

A suggestion that Government may review the existing guideline issued by Department of Public Enterprises dated 31st August 2007 under which Navratna and Miniratna CPSEs are permitted to invest in SEBI regulated Public Sector Mutual Funds and enable investment of surplus funds by such CPSEs in all Mutual Funds and not just in Public Sector Mutual Funds has been made to Securities and Exchange Board of India (SEBI) and the Government.

The instructions dated 31st August 2007 remain in force at present.

(d) Not applicable, in view of the reply (a, b & c) above.