

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

UNSTARRED QUESTION NO:2097  
ANSWERED ON:06.12.2012  
INVESTMENT OF SURPLUS IN MUTUAL FUNDS BY CPSES  
Sinh Dr. Sanjay

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

- (a) whether the Government has allowed Navratna and Miniratna Companies among Central Public Sector Enterprises (CPSEs) to invest their surplus in Mutual Funds;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the expansion and modernisation of Navratna and Miniratna CPSEs have been affected due to investment in Mutual Funds;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the details of profit and loss incurred due to investment in Mutual Funds during the last three years and the current year, CPSE-wise?

**Answer**

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

- (a) to (b). 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.
- (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 provision.
- (e) 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.