# Govt working on norms on investment of surplus funds by CPSEs

The government is working out norms for utilisation of surplus funds, estimated at around Rs 2.8 lakh crore, of cash-rich PSUs with a view to boost investment and promote growth.

"Recently, a panel has submitted its report to the Finance Ministry. Once the report is finalised, the Department of Public Enterprises (DPE) will go ahead with new norms," an official told PTI.

Last year, the panel headed by Department of Economic Affairs Additional Secretary Shaktikanta Das was constituted to review guidelines on investment of excess funds available with cash-rich central public sector enterprises (CPSEs).

"Central Public Sector Enterprises (CPSEs) need to make gainful investment as the country is facing the issue of high fiscal deficit. Also, the government is relying on surplus-cash available with PSUs to stimulate the economic activity," the official said.

The committee in its draft report has suggested various investment options such as mutual funds, term deposits, treasury bills and government securities wherein PSUs can invest their money.

The panel is in the process of rationalising and consolidating the existing investment norms for CPSEs, the official said.

Given the current economic scenario, there is a need to come out with one set of comprehensive guidelines to impart PSUs some flexibility to invest their surplus money as it will also contribute to the country's growth, he added.

At present, there are number of guidelines issued by the DPE in regard to investment by PSUs.

On May 13, the Prime Minister's Office (PMO) has directed central PSUs to invest their excess funds or else pay higher dividend so that surplus funds could be deployed elsewhere to fuel growth and create jobs.

The CMDs of cash-rich CPSEs like NTPC, PGCIL, Oil India, Indian Oil Corp and NPCIL were present at the meeting.

The PMO has been monitoring capex and investment plans of about 17 major PSUs, since last fiscal, to enhance investment in the economy by utilising their substantial cash surpluses.

Industrial output growth stood at 2.5% in March 2013, while for 2012-13 the growth was just about 1%. The country's economy is estimated to have grown by five% in the last fiscal and is projected to grow by over six% in 2013-14.

*(Business Standard)*