

F.No. 7/118/2005-BOA
Government of India
Ministry of Finance
Department of Financial Services

New Delhi, dated 16th July, 2012

To

CEOs of all Scheduled Commercial Banks
CEOs of Public Sector Financial Institutions
CEOs Public Sector Insurance Companies

Sub: Investment of Surplus Funds of Central Public Sector Enterprises (CPSEs)

Sir,

Based on the discussions in the meetings of the then Financier Minister with the CMDs of Public Sector Banks (PSBs), CMDs of major Central Public Sector Enterprises (CPSEs) and the Secretaries of the Administrative Ministries in November, 2008 and in order to moderate the cost of credit, instructions were issued by this Department vide letter of even number dated 3rd December, 2008 to be followed by all CPSEs and PSBs. However, it has been observed that the said instructions are not being followed by PSBs and CPSEs in their 'letter and spirit'. It is reiterated that the instructions are still relevant and are required to be followed not only by CPSEs and PSBs but also by all other Banks and Public Sector Financial Institutions (PSFI) and Public Sector Insurance Companies (PSIC).

2 For convenience the instructions are appropriately modified and reproduced hereunder:

- (i) All Banks are advised to publish their card rates for bulk deposits of Rs. 1 crore and above. In order to bring about a level playing field, banks may consider uniform card rates for bulk deposits for different maturities at least up to one year across banks.
- (ii) In order to broaden the coverage of availability of surplus funds, all CPSEs/PSFIs/PSICs are advised that surplus funds may be placed with one or more banks, subject to their internal exposure guidelines as this would be in the larger interest of the system and spread the resources among the banks.

- (iii) CPSEs/PSFIs/PSICs shall not deploy their funds through a bidding process with any Bank or withdraw the funds from any Bank pre-maturely for depositing them elsewhere.
- (iv) It is clarified that placing of deposits with banks at Card rates will be deemed to be a transparent process in terms of DPE OM NO. 4/6/94-Fin. Dated 14th December, 1994, as amended from time to time.

3. You are requested to bring these instructions to the notice of all concerned with the directions that the above guidelines be followed in 'letter and spirit'. Further, all concerned may also be appropriately advised that deviation from the above instructions may be treated as violation of instructions of the Government.

Yours faithfully,

Sd/-

(M.M. Dawla)

Under Secretary to the Government of India

Tel. No. 23748731

Copy to :

1. Secretaries of all administrative Ministries/Departments.
2. Chief Executives of CPSEs
3. All Financial Advisers of the Administrative Ministries/Departments
4. Department of Expenditure / Department of Economic Affairs
5. Chairman, Indian Banks' Association, Mumbai.
6. Chief General Manager, DBOD, RBI, CO., Mumbai.
7. All Joint Secretaries/Deputy Secretaries/Directors of DFS

