

Government of India
 Ministry of Finance
 Department of Economic Affairs
 Capital Market Division

New Delhi, the 10th September 2007.

Ministry of Finance notified the Pattern of Investment to be followed by non-Government Provident Funds, Superannuation Funds and Gratuity Funds over two and half years ago on 24th January 2005. Keeping in view the subsequent developments that have taken place in market and economy, it is proposed to revise the investment pattern as prescribed on 24.1.05. A statement indicating the existing prescribed investment pattern alongwith the proposed investment pattern is given hereunder.

Investment Pattern dated 24th January 2005 and Draft Revised Investment Pattern

Investment Pattern dated 24 th January 2005		Draft Revised Investment Pattern			
	Instrument	%		Instrument	%
(i)	Central Government securities; and/or units of mutual funds set up as dedicated funds for investment in Government securities and regulated by SEBI;	25	(i)	Central Government securities and/or units of such mutual funds set up as dedicated funds for investment in Government securities and regulated by SEBI;	35
(ii)	(a) Government securities created and issued by any State Government; and/or units of mutual funds set up as dedicated funds for investment in Government securities and regulated by SEBI;	15	(ii)	(a) Government securities created and issued by any State Government; and/or units of mutual funds set up as dedicated funds for investment in Government securities and regulated by the SEBI/or	
	(b) Any other negotiable securities the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government/ any State Government except those covered under (iii) (a) below			(b) Any other negotiable securities the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government or multilateral funding agencies (World Bank, ADB) except those covered under (iii) (a) below	

Investment Pattern dated 24 th January 2005		Draft Revised Investment Pattern		
	Instrument	%	Instrument	%
	Provided that irrespective of the proportion of investments stated in (i) and (ii) above, exposure of a trust to any individual mutual fund which has been set up as a dedicated fund for investment in Government securities, should not be more than 5% of its total portfolio at any point of time.		Provided that irrespective of the proportion of investments stated in (i) and (ii) above, exposure of a trust to any individual mutual fund which has been set up as a dedicated fund for investment in Government securities, should not be more than 5% of its total portfolio at any point of time.	
	(c) The Trustees, subject to their assessment of the risk-return prospects, may, if they so decide, divide the total portfolio under categories (i) and (ii)(a) above into tradable and non-tradable categories. Upto 10% of the total portfolio at the end of the preceding financial year can be treated as tradable and may be used for active management:		(c) The Trustees, subject to their assessment of the risk-return prospects, may, if they so decide, divide the total portfolio under categories (i) and (ii)(a) above into tradable and non-tradable categories. At least 25% of the total portfolio at the end of the preceding financial year can be treated as tradable and may be used for active management:	
	Provided that the tradable portfolio of Government securities shall be marked to market and mutual funds, which have been set up as dedicated funds for investment in Government securities, shall be valued at Net Asset Value at the close of the financial year.		Provided that the tradable portfolio of Government securities shall be marked to market and mutual funds, which have been set up as dedicated funds for investment in Government securities, shall be valued at Net Asset Value at the close of the financial year.	

(iii)	(a) Bonds/Securities of 'Public Financial Institutions', "public sector companies" including public sector banks; and/or	25	(iii)	(a) Bonds/Securities of 'Public Financial Institutions' "public sector companies" including public sector banks; and/or	25
	(b) Term Deposit Receipts upto three years issued by public sector banks.			(b) Term Deposit Receipts up to three years issued by public/private banks.	

	Provided that the instruments covered under (iii) (a) above have an investment grade rating from at least two credit rating agencies.		Provided that the instruments covered under (iii) (a) above have an investment grade rating from atleast two credit rating agencies. <i>Provided that private scheduled commercial banks must meet conditions of continuous profitability for three years; maintaining a minimum CRAR of 9%; having net non-performing assets of not more than 5% of the net advances and having a minimum net worth of not less than Rs.200 crores.</i>	
	(c) Collateral Borrowing and Lending Obligations (CBLO) issued by Clearing Corporation of India Limited and approved by RBI.		(c) Collateral Borrowing and Lending Obligation (CBLO) issued by Clearing Corporation of India Limited and approved by the Reserve Bank of India.	
	—		(d) Schemes of Mutual Funds primarily investing in money market instruments, regulated by SEBI.	
	—		(e) Rupee Bonds issued by Multilateral agencies (World Bank, ADB)	
(iv)	To be invested in any of the above three categories as decided by their Trustees.	30	(iv) To be invested in any of the above five categories as decided by their Trustees.	30
(v)	Shares of companies that have an investment grade debt rating from at least two credit rating agencies.	Upto 5%	(v) Shares of companies that have an investment grade debt rating from at least one credit rating agency/ Shares of companies figuring in BSE Sensex and /or NSE NIFTY 50 and / or in equity linked schemes of mutual funds regulated by SEBI.	Up to 10 %
(vi)	The Trustees, subject to their assessment of the risk-return prospects, may invest upto 1/3 rd of		—	

	(iv) above, in private sector debt instruments which have an investment grade rating from at least two credit rating agencies and/or in equity-linked schemes of mutual funds regulated by SEBI				
2.	Any moneys received on the maturity of earlier investments reduced by obligatory outgoing, shall be invested in accordance with this investment pattern.			Any moneys received on the maturity of earlier investments reduced by obligatory outgoing, shall be invested in accordance with this investment pattern.	
3.	If any of the instruments mentioned above are rated and their rating falls below investment grade as confirmed by two credit rating agencies then the option of exit can be exercised.			If any of the instruments mentioned above are rated and their rating falls below investment grade..... then the option of exit can be exercised.	
4.	This Investment Pattern may be achieved by the end of a financial year.			This Investment Pattern may be achieved by the end of a financial year.	

Comments/views of public/stakeholders in this regard may be sent to Shri C.S.Mohapatra, Director(RE & UTI), 50 North Block, New Delhi within 30 days time.