

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1538

ANSWERED ON:02.12.2005

NATIONAL INVESTMENT FUND

Budholiya Shri Rajnarayan;Chakraborty Shri Swadesh;Chinta Mohan Dr. ;Maheshwari Smt. Kiran;Singh Shri Mohan;Suman Shri Ramji Lal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has set up National Investment Fund;
- (b) if so, the details thereof;
- (c) the percentage of this fund likely to be spent in the revival of the sick industries of the public sector;
- (d) the sectors from which the amount for the National Investment Fund is likely to be collected; and
- (e) the amount likely to be deposited in this Fund and the safeguards likely to be provided to check the misuse of this Fund?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a), (b), (c) and (d) The Government have constituted a "National Investment Fund" (hereinafter referred to as the Fund) into which the proceeds from disinvestment of Government equity in Central Public Sector Enterprises (CPSEs) would be channelised. The Fund would be maintained outside the Consolidated Fund of India (CFI) and would be professionally managed by selected Public Sector Mutual Funds to provide sustainable returns without depleting the corpus.

75% of the annual income of the Fund will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the annual income of the Fund will be used to meet the capital investment requirements of profitable and revivable CPSEs that yield adequate returns, in order to enlarge their capital base to finance expansion / diversification.

(e) The corpus of the National Investment Fund would depend upon the level of disinvestment during the current financial year and thereafter. The National Investment Fund will be operated by the selected Fund Managers under the 'discretionary mode' of the Portfolio Management Scheme, which is governed by the SEBI guidelines. The entire work of the National Investment Fund will be supervised by Chief Executive Officer (CEO) of the Fund, an officer of the rank of Joint Secretary / Additional Secretary to the Government of India. A part time Advisory Board consisting of three eminent persons with the requisite expertise, to be appointed by the Government, would advise the CEO on various aspects of the functioning of the Fund.