



**FOREST DEVELOPMENT CORPORATION OF MAHARASHTRA LIMITED**  
(Government of Maharashtra Enterprise)  
CIN: U45200MH1974SGC017206  
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No. PLN/CR-97/2023-24 394

Dated 20/05/2024

### CIRCULAR

1. The Board of Directors, in its 152<sup>nd</sup> meeting held on 14.05.2010 passed a Resolution to evolve a mechanism for the short-term investment of the funds not immediately required, with Nationalized Banks, in manners beneficial to the Company. The Board resolved to constitute an Investment Committee delegating to it the decision-making powers, involving short-term surplus funds up to one year maturity. The composition of the Investment Committee was as under-

Managing Director	-	Chairman
Company Secretary	-	Member
Controller of Accounts and Financial Advisor	-	Member Secretary

2. The said Board Resolution relies upon a Government Resolution Finance Department, State Bureau of Public Enterprises No. PSU-10.05/CR-26/PSU dated 13<sup>th</sup> March 2006, laying down guidelines for investment of surplus funds by State Public Enterprises, prominent features of which are reproduced as under----

- i. Investment decisions should be based on sound commercial judgment. The availability should be worked out based on cash flow estimates, taking into account working capital requirements, replacement of assets and other foreseeable demands.
- ii. Decisions on investment of surplus funds shall be taken by the Board of Directors of the Public Enterprise. However, decisions involving investing short-term surplus funds upto one year maturity may be delegated up to prescribed limits of investments, to a designated group of executives which should invariably include the Managing Director and Director (Finance) or Head of Finance. Where such delegation is made, the delegation order should spell out the level of approval and the powers of each official, which should be strictly observed. Where such delegation is exercised, there should be a proper system of automatic internal reporting to the Board at its next meeting.

3. In furtherance of the guiding principles laid down in the said Government Resolution, the extent of powers delegated to the Investment Committee through the above-mentioned Board Resolution is reproduced as under-

The Committee is empowered to take decision, by simple majority, on investment of surplus funds not immediately required for any specific purpose, in Short Term Deposits with Nationalized Banks, offering the best possible returns and in a manner deemed to be suitable by the Committee, up to the limit of Rs. 5.00 crore at each time of investment for the period up to one year maturity.

4. The said Resolution also sets out the Terms and Conditions for functioning of the Committee, *inter alia*, specifying the duties and functions of officials and that of the Investment Committee, as under-

1. The quorum of the Committee Meetings shall be of two members present in person, one of whom shall be Chairman.
2. The Committee may function by circulation of the proposal of investment.
3. It shall be the responsibility of the CA&FA to work out the surplus funds at each time with necessary cash-flow statement for consideration of the investment decision by the Committee.
4. The Managing Director shall be empowered to execute the decision/directives of the Committee.
5. The decision taken by the Committee in exercise of the delegation shall be reported to the Board at its next meeting in all cases.

5. In due course of time, the State Government vide Government Resolution Finance Department PSU-10.15/CR-42/PSU Dated 27.10.2015, issued comprehensive guidelines with respect to Investment of Surplus Funds by the Public Sectors Undertaking of the State, the relevant extract of which is reproduced as under-

गुंतवणुकीचा निर्णय घेण्याचे घोरण व दुरदर्शी निकष:-

- i. निधी गुंतवणुकीचे निर्णय हे सुयोग्य/सुरक्षित अशा व्यवसायिक अंदाजावर/विवेकबुद्धीवर आधारीत असावेत. अतिरिक्त निधीच्या उपलब्धतेची परिगणनाही अंदाजपत्रकावर आधारीत असावी. या अंदाजपत्रकामध्ये खेळत्या भांडवलाची गरज, मत्तेचे पुनःस्थापन आणि आगामी खर्चाच्या मागण्या इ. बाबींचा विचार करण्यात यावा.
- ii. तसेच अतिरिक्त निधी उपलब्धतेची परिगणना किमान १ वर्षांच्या कालावधीकरीता करण्यात यावी आणि कमाल ३ वर्षांपर्यंत अतिरिक्त निधी मुदत ठेव स्वरूपात गुंतविण्यात यावा.
- iii. गुंतवणुकीच्या माध्यमातून प्राप्त उत्पन्नावर कोणतीही अटकळीची तत्वे/दृष्टीकोन असू नये.
- iv. अतिरिक्त निधी गुंतविण्याबाबत कोणताही निर्णय घेण्यापूर्वी योग्य असे व्यवसायिक मुल्यमापन करण्यात यावे. हया शासन निर्णयाद्वारे मान्य करण्यात आलेल्या वित्तीय संस्थेतच गुंतवणुक करण्यात यावी.
- v. सार्वजनिक उपक्रमांनी अतिरिक्त निधी फक्त विशिष्ट व्याजदर प्राप्त होण्याच्या दृष्टीने, विशिष्ट कालावधीसाठी गुंतवू नये. कारण सार्वजनिक उपक्रमांना स्वतःच्या गरजेसाठी, समान किंवा जास्त व्याजदराने कर्ज घेण्याच्या मार्गाचा अवलंब/ उपाय करावा लागतो.
- vi. बँकेच्या नक्तमुल्याच्या १५% पेक्षा अधिक निधी एका बँकेत गुंतवू नये.

6. Through the subsequent Board Resolutions passed in 179<sup>th</sup> meeting on 30.12.2016, the limit of delegation of powers for investment at each time for the period up to one year was further enhanced up to Rs. 50 crores.

7. Adopting the directions given in the Government Resolution dated 27<sup>th</sup> October 2015, cited in para 5 above and laying emphasis on investing only in nationalized banks, notwithstanding any directives of the State Government in that regard in future, the Board of Directors, in its meeting held on 10<sup>th</sup> August 2023, resolved as under---

**RESOLVED THAT** the investment of surplus funds be governed and regulated in accordance with the guidelines issued by the Government Resolution Finance Department No. PSU-10.15/CR-42/PSU Dated 27.10.2015 and subsequent directions given by the State Government in that regard from time to time.

**RESOLVED FURTHER THAT** the short-term investment of the Working Capital may also be appropriately done for a tenure less than one year in Nationalized Banks, if such investment is expedient.

**RESOLVED FURTHER THAT** notwithstanding any decision at the level of the State Government in future, permitting the non-Nationalized Banks also, the consent of the Board of Director be and is hereby accorded to invest the surplus funds and working capital of the Company in the Nationalized Banks only.

**RESOLVED FURTHER THAT** the Managing Director be and is hereby authorized to do such acts, deeds, matters and things as may be required to give effect to this Resolution and adopt any modifications made by the Government of Maharashtra from time to time.

8. In furtherance of the above-mentioned Government Resolution dtd. 27.10.2015 and in pursuance to the powers delegated to the Managing Director vide the Board Resolution dated 14.05.2010, the Chief General Manager (Planning) has also been included in the Investment Committee vide this Office Memorandum dated 05.09.2023.
9. Somewhere around August-September 2023, it was observed that formal meetings of the Investment Committee were not taking place, in spite of the mandatory requirement in the Board Resolution dated 14<sup>th</sup> May 2010 that **quorum for the Committee Meetings shall be two members present in person, one of whom shall be the Chairman.** The issue has now been addressed and meetings of the Investment Committee are being held regularly every month since September 2023 and investment decisions are being taken as per letter and spirit of the Board Resolution dated 14<sup>th</sup> May 2010 and the Government Resolution dated 27.10.2015.
10. In order to further formalize the procedure, following guidelines are laid down in furtherance of the Board Resolution dated 14<sup>th</sup> May 2010 and relevant guidelines issued by the State Government from time to time in that regard----
  - 10.1 The Investment Committee shall hold at least one meeting in physical mode in each calendar month.
  - 10.2 The Agenda Note, duly approved by the Managing Director shall be circulated in advance by the CA&FA to the members.
  - 10.3 Based on the information available with the member secretary, the Agenda Note shall *inter alia* comprise of following details—
    - i. Updated Statement of deposits (fixed deposits) previously made by the Company,
    - ii. Statement, showing the quantum of investments on the last day of each of the twelve previous calendar months in the following format---

Sr. No.	Calendar Month	Investments on the last day of the Calendar Month in Col. 2	Balance amount in Saving Banks Account of FDCM on the last day of the Calendar Month in Col.2
1	2	3	4
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

[*Example*—If the Agenda Note is initiated in the Month of May 2024, then Col. 2 shall cover the previous twelve months from May 2023 to April 2024 and Col. 3 shall indicate the corresponding investments on the last day of each of the calendar months in Col. 2 Balance amount in the Saving Bank Account as on the last day of each of the previous twelve Calendar Months shall be entered in column 4]

- iii. A Chart furnishing the updated information about the investments as under-----

Investments as on the last date of the previous month (Rs.)	Amount withdrawn (if any), during this month, out of matured investments in col. 1 (Rs.)	Amount invested this month (Rs.)	Total Investments at present (Rs.)
1	2	3	4 = 1-2+3

- iv. Cash-flow Statement, comprising of the updated status of available funds,
- v. Immediate financial liabilities to be met, viz. requisitions from Regions, Tax and insurance premiums,
- vi. Revenue receipts for next one month, based on previous trends of average of last three financial years.

10.4 Based on the above inputs provided by the CA&FA, the Committee in its meeting, shall deliberate and take appropriate decisions for the investments to be made in conformity with the Board Resolutions dated 14<sup>th</sup> May 2010, 10<sup>th</sup> August 2023, and subsequent decisions taken by the Board of Directors in this regard as well as guidelines issued by the State Government from time to time.

10.5 Besides taking decisions in meetings to be held at least once in physical mode during each calendar month, the Committee shall be at liberty for prompt investment of the funds accrued during the intervening period between two successive meetings. It shall therefore be incumbent on the CA&FA to circulate among the Committee members, a formal Note on the concerned file every Monday, incorporating the details specified in sub-para 10.3 above. Thereupon, the Committee members shall record their opinions on the said Note and take appropriate decision on the lines of sub-para 10.4 above.

10.6 While taking decisions in accordance with directions in para 10.4 and 10.5 above, it shall be ensured that—

- i. At least 10% of the investments must be through the callable fixed deposits.
- ii. If the interest rates under the callable and non-callable mode are equal, the investment shall be made in the callable mode.

10.7 Based on the decisions taken by the Investment Committee, the interest rates from the Regional Branches of Nationalized Banks shall be called by the CA&FA in the sealed envelope, a comparative statement of which shall be submitted to the Chairman of the Committee, through circulation among members, for selection of the Bank in which investment is to be made.

10.8 The Chief Audit Officer, FDCM shall be invited at least once in each quarter as a special invitee in the meetings of the Investment Committee.

  
**Vikas Gupta**  
Managing Director

**To**  
The Chief General Manager (Planning) FDCM  
The Controller of Accounts and Financial Advisor FDCM  
The Company Secretary FDCM

**Copy to**  
The Chief Audit Officer FDCM  
The Section Heads MD Office (All)