

(21.6)Investment of Funds

(21.6.1) Investment of Money advanced by outside bodies in connection with Sponsored, Consultancy, Collaborative and Mission Projects/Schemes.

In its efforts to increase the External Cashflow, CSIR is taking up more Projects/Schemes being financed partially or in full by outside Bodies. These money are received in advance which are gradually utilized with the progress of the Projects/Schemes. It has been observed that a huge amount always remain idle with the Bank in the current account of the Laboratories/Institutes which does not earn any interest.

2. With a view to use this huge cash balance profitably and to increase the earning of the CSIR, DGSIR has been pleased to authorise the Directors of the National Labs./Instts. to invest money received in connection with Sponsored, Consultancy, Collaborative and Mission Projects/Schemes subject to the following conditions :-

- i. that the funds will be invested in short-term deposit in the name of CSIR;
- ii. that the income from investment will be treated as earning of the Society as income from investment;
- iii.that the money should be invested with Nationalised /State Banks or other short-term Government securities; and
- iv. that the Directors should ensure that investment of funds is made in such a manner that there is neither any unnecessary accumulation of idle money with the Labs. nor there is paucity of cash at any point of time so as to hamper smooth progress of the projects /schemes/jobs.

3. While making investment the payment may be debited to Code No.P-834 Sponsored/Consultancy etc. money under G-Deposit & Advances (Investment Account). Similarly on maturity, the capital may be credited to "Code No.304 - Sponsored, Consultancy etc. Money" under G-Deposit & Advance (Investment Account) and the interest credited to "Code No.R-158 - Interest on Account of Investment" under Miscellaneous Receipts of CSIR and intimated separately to CSIR Headqrs along with 'Monthly Progressive Expenditure Statement'.

4. Earnings on account of interest on the aforesaid investment, would not be used directly by the Laboratories, but the same could be made available as additional allocation by the Hqdrs. as and when required.

(CSIR letter No. 7(78)/Budget/90-91, dated, 1st October, 1990)

(21.6.2) Utilisation of Cash flow on Investment.

Reference circular letter of even number dated 1. 10. 1990 (Para 21.6. 1) regarding; investment of surplus cash flow.

In this connection, references have been received from some of the Labs./Instts. seeking certain clarification regarding investment of funds relating to sponsored projects, consultancy projects etc. The position is clarified as under for necessary guidance of labs./Instts. :-

- a. The intention behind the investment scheme circulated vide our letter dated 1. 10. 1990 is not actually for investment of money from any specific sponsored/consultancy project but integrated plan of efficient management of cash flow so as to ensure that adequate cash is available with the Labs./Instts. for regular expenditure including expenditure under Sponsored/Consultancy Project and any surplus cash which may not be required for immediate use, say during the month or so, should not remain idle in -the current account maintained by the Labs./Instts. with Banks. As such it is felt that the investment would not in any way violate the general condition of expenditure as generally stipulated by the sponsors as regarding utilization of sponsors funds.
- b. Some of the Labs./Instts. have expressed their apprehensions that in the event of late transfer of funds from Hqdrs. the Labs./Instts., may not be left with sufficient cash balance to handle emergent payment. In this connection it may be stated that Hqdrs. on its, part will take adequate care that money transfer to the Labs. from CSIR is done expeditiously so that the lab. work does not suffer. It will not be wise to block large amounts of money mainly on imaginary fear that some amount may be needed for certain unforeseen eventualities. Such situation could be avoided if the Labs./Instts. takes enough care to plan and manage its cash-flow from various sources.

- c. As already stated in para 4 of our circular letter the earnings on account of interest on the aforesaid investment would not be used directly by the Labs./Instts. but the same would be credited to receipts of CSIR. Additional allocation from such receipts would be considered by CSIR from time to time. Quantum of earnings of Labs./Instts. will, how ever be indicated by the lab. to CSIR in the monthly statement of receipts and expenditure and statement of progressive receipts and expenditure.
- d. As per para 2(1) of the Circular letter the investment should be made in the name of the CSIR. The term 'CSIR' here means CSIR and its constituent units i.e. CSIR Headquarters and its Laboratories/Institutes.

(CSIR Letter No.7(78)/Budget/90-9I,dated . 3rd January 1991)