



FINANCE (PU 'C') DEPARTMENT

**No. 84/98/Fin., dated, Thiruvananthapuram,
15th December 1998**

Subt.- Payment of minimum dividend-Government of India-Guidelines-Compliance-Regarding.

Ref.- Government of India Circular No. F1 (16)-E II (A)/96, dated 5th March 1997.

It has come to the notice of the Government that some of the Public Sector Undertakings which make profit do not pay dividend to the shareholders. Instead of paying dividend, they are crediting the amount to Reserves and Surplus, Government of India, vide their Office Memorandum No. F1 (16)-E II (A)/96, dated 5th March 1997, have issued instructions insisting on the declaration of minimum dividend of 20 per cent on the shareholding in respect of Public Sector Enterprises and Joint Venture Companies under Government of India, and in case this is not possible for want to sufficient profits, the dividend pay out should constitute at least 20 per cent of the post tax profits. In the case of Oil, Petroleum, Chemical and other infrastructure industries, the dividend pay out should be at least 30 per cent of post tax profits.

After having examined the matter in detail, Government of Kerala have also decided to implement the above instructions of Government of India in the State Public Sector Undertakings/ Joint Venture Companies and statutory Corporations, which make profit are hereby directed to see that a minimum dividend of 20 per cent is declared every year without fail. In case sufficient allocable surplus is not available to declare dividend at the above rate, a dividend at lower rates utilising at least 30 per cent of such allocable surplus should be declared.

The Board of Directors and the Chief Executive will be responsible for implementing the above decision.

VINOD RAI
Principal Secretary
(Finance)