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27-YEAR-OLD RULE CHANGED: DISCLOSURE LIMIT ON MF, STOCK INVESTMENT UP FOR BUREAUCRATS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

NEW DELHI: The government on Thursday revised a 27-year-old cap on investment in the stock markets by bureaucrats to six months of basic pay.

Under the 1992 rule, Group A and B officials had to intimate the government in a form if the total transaction in shares, debentures or mutual funds exceeded Rs 50,000 in a financial year. The limit has now been raised to over five-six times, considering the salary structure of government executives. The limit was Rs 25,000 for Group C and D officers.

New orders have revised these limits, saying the intimation should be sent to the prescribed authority by government servants if the total transactions in shares, securities, debentures and mutual funds exceeds six months of basic pay of the government servant in a calendar year (to be submitted by January 31 of the subsequent calendar year).

After the 7th Pay Commission, the salaries of government servants have increased substantially, which may have prompted the government to revise the limits.

Officials will still have to intimate the government in their annual declaration of movable and immovable assets if any individual transaction in the stock market is beyond their two months' basic pay. But the need to fill in a separate form won't be necessary if their cumulative transactions in stocks do not exceed six months of basic pay.

The rules still stipulate that no government servant shall speculate in any stock or any other investment with frequent purchase or sale of such kind deemed to be speculation. But occasional investments made through stock brokers or duly authorised persons are allowed. The prescribed form is designed to "enable the administrative authorities to keep a watch over such transactions".

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