GOVERNMENT OF ODISHA
PUBLIC ENTERPRISES DEPARTMENT
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No. 8433 /PE, Bhubaneswar, Date 1.11.2023
(PE-TECH1-MISC-0037-2018)

From

Smt. Chithra Arumugam, IAS
Principal Secretary to Government.

To

The Additional Chief Secretaries/
Principal Secretaries/Commissioner-cum-Secretaries,
Administrative Department concerned of all State PSUs.

Sub : Revised criteria for Categorization Frame Work for State Public Sector Undertakings and Delegation of Power to the Board.

Madam/Sir,

In inviting a reference to the subject cited above, I am to intimate that Government have been pleased to approve the revised criteria for Categorization Frame Work and Delegation of Power to the Board of the State PSUs keeping in view the present Industrial scenario. The said criteria are enclosed herewith for kind information.

The Categorization of State PSUs is an on-going process with a system of periodic reviews. The continuity of PSUs in a particular category with its upward/downward movement would be assessed periodically. These revised criteria for categorization of State PSUs can be accessed from the Public Enterprises Department website i.e. http://pe.odisha.gov.in .

To implement the Categorization Frame Work and Delegation of Power to State PSUs, Public Enterprises Department will shortly share a questionnaire with all State PSUs for consideration of Categorization of State PSUs by the Government.

Yours faithfully,

Principal Secretary to Government

Encl : As above.

P.T.O

Memo No. 2434 /PE, Date 1.11.2023

Copy forwarded to the Sr. P.S. to Chief Secretary, Odisha / Sr. P.S. to DC-cum-ACS for kind information of the Chief Secretary, Odisha and DC-cum-ACS, Odisha

Additional Secretary Government.
01/XI/2023

Memo No. 2435 /PE, Date 1.11.2023

Copy forwarded to Chairman/Managing Director of all State PSUs for information and necessary action.

Additional Secretary Government
01/XI/2023

Memo No. 2436 /PE, Date 1.11.2023

Copy forwarded to Sri Asit Kumar Mallick, ASO, Computer Cell, Public Enterprises Department for information and necessary action. He is requested to host the same on the Public Enterprises Department website forthwith.

Additional Secretary Government.
01/XI/2023

Categorization frame work for State Public Sector Undertakings and Delegation of power to the State Public Sector Undertakings.

Under the aegis of Public Enterprises Reforms Programme, Public Enterprises Department had earlier developed and adopted a Frame Work for Categorization of State PSUs. Keeping in view of the present Industrial scenario, the criteria for Categorization Frame Work and Delegation of Power for the State PSUs have been revised and the State PSUs are classified into two different categories as per their generic nature of works viz. Industrial Sector & Service Sector after due consultation with the Administrative Departments.

The Categorization of State PSUs is an on-going process with a system of periodic reviews. The continuity of PSUs in a particular category with its upward/downward movement would be assessed periodically.

The revisedcriteriafor Categorization Frame Work of State PSUs and Delegation of the power to the Board are as follows:

A. **Composite scoring mechanism for Industry Sector**

Sl. No	Criteria	**Max. Marks**	**Basis for Industrial Sector**
1	Average Turnover for last 3 (three) preceding Financial Years (FYs)	10	INR 100-250 Crore: 5 marks INR 250-1000 Crore: 7 marks >INR 1000 Crore: 10 marks
2	Profit After Tax for the last 3 (three) preceding FYs	20	Upto INR 50 Crore: 5 marks Above INR 50-100 Crore: 10 marks Above INR 100-200 Crore: 15 marks >INR 200 crores : 20 marks
3	Statutory Audit of Accounts completed for last 3 preceding FYs	20	Completed for 3 FYs: 20 marks Completed for 2 FYs: 10 marks Completed for 1 FYs: 05 marks
4	Outstanding loans overdue as on 31 st March of Preceding FY. Regular servicing of loan for the last 3 (three) preceding FYs	15	(i) No default as on 31st March of Preceding FY, and (ii) No default in regular payment of loan i.e. no overdue 3 preceding FYs : 15 Marks 2 preceding FYs : 10 marks 1 preceding FY: 5 marks
5	Dividend paid in the last 3 (three) preceding financial years	10	Dividend paid for 1 year: 3 marks 2 years: 6 marks 3 years: 10 marks
6	Average MoU Performance for the last 3 (three) preceding financial years	25	Score as per MoU Eg. 'Excellent' – 105% ÷ 105% x 25 marks 'Very Good'- 100%÷105% x 25 marks 'Good'- 90%÷105%×25 marks

B. Composite scoring mechanism for Service Sector

Sl. No	Criteria	Max. Marks	Basis for Industrial Sector
1	Average Turnover for last 3 (three) preceding Financial Years (FYs)	10	INR 50-100 Crore: 5 marks INR 100-500 Crore: 7 marks Above INR 500 Crore:10 marks
2	Percentage of Utilization of grants/funds (including opening balance) for the last 3(three) preceding FYs	20	Upto 70 % : 5 marks Upto 80 % : 10 marks Upto 90 % : 15 marks Upto 100 % : 20 marks
3	Statutory Audit of Accounts completed for last 3 preceding FYs	20	Completed for 3 FYs: 20 marks Completed for 2 FYs: 10 marks Completed for 1 FYs: 05 marks
4	Annual Report laid before Assembly for last 3 preceding FYs	20	3 years : 20 Marks 2 years: 15 marks 1 year: 10 marks
5	Average MoU Performance for the last 3 (three) preceding financial years	30	Score as per MoU Eg. 'Excellent' – 105% ÷ 105% x 30 marks 'Very Good'- 100%÷105% x 30 marks 'Good'- 90%÷105%×30 marks

C. Categorization Framework

Categorization	Score Range
Bronze	Above 25 up to 50
Silver	Above 50 up to 75
Gold	Above 75 up to 90
Platinum	Above 90

D. Delegation of power to the Board

Parameter		Bronze	Silver	Gold	Platinum
i)Capital Expenditure	For Industry Sector(Including Power Sector)	Rs. 50 Crore	Rs. 100 Crore	Rs. 250 Crore	Rs. 500 Crore
	For Service Sector	Rs. 25 Crore	Rs. 50 Crore	Rs.125 Crore	Rs.250 Crore
ii) Allowances and Entitlements of Employees		To approve DA declared by the Government, subject to fulfillment of criteria 'A'* mentioned below along with prior approval of Administrative Department.	To approve DA declared by the Government, subject to fulfillment of criteria 'A'* mentioned below along with prior approval of Administrative Department.	To implement Pay Revision and DA, both as declared by the Government. To implement performance linked incentive scheme for the employees limited to 5% of the last Audited financial year's Profit. All of the above Subject to fulfillment of criteria 'A'* mentioned below.	To implement Pay Revision and DA, both as declared by the Government. To implement performance linked incentive scheme for the employees limited to 5% of the last Audited financial year's Profit. All of the above Subject to fulfillment of criteria 'A'* mentioned below.

iii)Organization Restructuring	To abolish sanctioned posts. To swap posts among group C& D without changing total sanctioned posts or grades inter se.	To abolish sanctioned posts. To swap posts among sanctioned posts without changing total sanctioned posts or grades inter se. To fill up vacant posts which are statutorily required.	To abolish sanctioned posts. To swap posts among sanctioned posts without changing total sanctioned posts or grades inters se. To fill up vacant posts (excluding class IV)	To abolish sanctioned posts. To swap posts among sanctioned posts without changing total sanctioned posts or grades inter se. To fill up vacant posts (excluding class IV)
iv)Tours abroad	For the Tours abroad the prior approval of the Administrative Department to be taken	For the Tours abroad the prior approval of the Administrative Department to be taken	For the Tours abroad the prior approval of the Administrative Department to be taken	For the Tours abroad the prior approval of the Administrative Department to be taken.

Criteria 'A' shall include the following:

- Completed Statutory Audit of PSU within stipulated period up to last preceding Financial Year.
- Should not have defaulted in repayment of loan to any Bank / FIs.
- Should not have defaulted in payment of statutory dues of employees such as Provident Fund & ESI.
- Should not be in receipt of any Government budgetary support for meeting administrative / establishment expenses.

E. **Sitting fees for Independent Directors**

Categorization	**Sitting fees**
Bronze	INR 5,000.00/-
Silver	INR 10,000.00/-
Gold	INR 15,000.00/-
Platinum	INR 20,000.00/-

F. **The pre-requisites for coming under Categorization framework and delegation of Powers to State PSUs are as follows:**

- Signing of MoU with the concerned Administrative Department every year.
- Induction of requisite number of Independent Directors in the Board of Directors as specified in the Corporate Governance Manual for the State PSUs.
- Each PSU should ensure appointment of at least one Women Director in the Board of Directors.
- No financial support or contingent liability on the part of the Government should be involved as a consequence of the decision.
- All the proposals, where they pertain to capital expenditure, investment or other matters involving substantial financial or managerial commitments or where they would have a long-term impact on the structure and functioning of the PSU, should be prepared by or with the assistance of professionals/ experts and should be appraised, in suitable cases, by financial institutions or reputed professional organizations with expertise in relevant areas.
- The proposals must be presented to the Board of Directors in writing and reasonably well in advance, with an analysis of relevant factors and quantification of the anticipated results and benefits. Risk factors if any, must be clearly brought out.
- Before taking decisions involving long term or major financial commitments, including and especially for new projects and joint ventures, the internal and extra-budgetary resource position and projections should be assessed realistically.
- At least one Director from each of the categories -namely, Government Director, Independent Director and the concerned Functional Director(s), (if any) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/capital restructuring.
- In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two-thirds of the Directors should be present, including those mentioned above, when such decision is taken. The objections, dissents, the reasons for overruling them and those for taking the decision should be recorded in writing.
- The PSUs should establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of Independent Directors.

G. **The process of Categorization of State PSUs would be an on-going exercise with a system of periodic reviews. The continuity of PSUs in a particular category for upward/downward movement would be assessed periodically.**

(Chithra Arumugam)
Principal Secretary to Government
Public Enterprises Department