

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. 3980/F.,
FIN-FR-RR-0014-2012

Date 17.02.2016

OFFICE MEMORANDUM

Sub: Guidelines for Payment of Dividend by the State Public Sector Undertakings.

Government in Finance Department Office Memorandum No.FR-22/2011-52286/F., dated 12.12.2011 prescribed the Guidelines for payment of dividend by the profit making State PSUs based on a similar Guideline issued by Government of India.

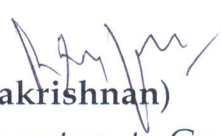
2. In the meanwhile, Government of India have revisited the Guidelines for payment of dividend by Central Public Sector Enterprises in accordance with the observations of Fourteenth Finance Commission that "*Operational decisions of a public sector enterprise should lie with the concerned entity, but final decisions relating to dividends and reserves should remain with the government, as the owners*" and that "*the dividends policy should cater to the requirements of the Government also, as it would in the case of any prudent investor / owner*". The Commission has further recognised the fact that "*the Government's interest in fiscal prudence should reconcile the broader public interest with that of the enterprise concerned*".

3. Therefore, in keeping with the latest Guidelines of Government of India on payment of dividend by Central Public Sector Enterprises, the State Government have decided that henceforth the following discipline for payment of dividend shall be followed uniformly by all the State Public Sector Undertakings :

- i. A State PSU would pay an annual dividend of 30% of PAT or 30% of State Government equity, whichever is higher.

- ii. Due account should be taken of cash and free reserves with the State PSU, and accordingly special dividend would need to be paid to the Government as return for its equity investments.
 - iii. State PSU with large cash/free reserves and sustainable profit may issue bonus shares.
4. The capital investment requirements of State PSUs may be kept in view but it needs to be specifically assessed whether those investment requirements can be fully or partly met out of borrowings to leverage the favourable debt-equity ratios in the State PSUs.
5. Public Enterprises Department and other Administrative Departments concerned should take stock of the financial results of the State PSUs under their administrative control and enforce the discipline laid down in Para-3 above for payment of dividend.

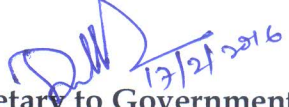
By order of Governor


(R. Balakrishnan)

Additional Chief Secretary to Government

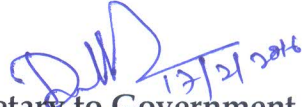
Memo No. 3981 /F., Date 17.02.2016

Copy forwarded to the Secretary to Governor/ Private Secretary to Chief Minister/ Private Secretary to all Ministers and Ministers of State/ Accountant General (E&RSA), Odisha, Bhubaneswar/ Accountant General (G&SSA), Odisha, Bhubaneswar/ Accountant General (A&E), Odisha, Bhubaneswar/ Deputy Accountant General (Works) Odisha, Puri/ all Departments of Government/ all Heads of Departments/ all Public Sector Undertakings/ all Financial Advisors/ all Assistant Financial Advisors/ Director, Madhusudan Das Regional Academy of Financial Management, Chandrasekharapur, Bhubaneswar/ Director, Gopabandhu Academy of Administration, Bhubaneswar for information.


Deputy Secretary to Government

Memo No. 3982 /F., Date 17.02.2016

Copy forwarded to P.S. to Additional Chief Secretary (Finance) / P.S. to Special Secretaries/ P.S. to all Additional Secretaries/ all Officers/all Branches of Finance Department/ Guard File (10 copies) for information and necessary action.


Deputy Secretary to Government

Memo No. 3983 /F., Date 17.02.2016

Copy forwarded to the Head, Portal Group, Secretariat, Odisha for information and necessary action.

It is requested to hoist this Office Memorandum in the website (www.odisha.gov.in/finance/index.htm) of Finance Department for general information.


Deputy Secretary to Government