

Governance Now — PSU (Public Sector Undertakings) Awards and Ranking



Overview

Governance Now is a multimedia initiative for participatory reportage and analysis related to governance of all institutions and processes that are vital to public life in India. In 2014 Governance Now launched their flagship awards, the PSU awards, to evaluate and award Public Sector Undertakings for their performance.

Problem Statement

Governance Now needed a fool proof framework, which could, quantify and compare diverse industries with metrics that would make their finances comparable. The diversity of the PSU's was huge, and the benchmarking within the PSU's needed comparisons across a large set of Public Data.

- PSUs from overall 69 Industries submitted their nominations for the ranking.
- Overall 236 PSUs from various sectors were evaluated to arrive at the final ranking.

A framework was needed, which would not just evaluate the pre-set metrics, but also intangible aspects of their corporate strategy such as Green Initiatives and HR Initiatives.

M76 Analytics Approach

The Public sector is considered as the backbone of the Indian economy. Evaluating such a sector needs a comprehensive study of operational as well as the strategic nitty-gritty of each PSU. In addition to this several performance parameters need to be normalized across industries.

- A methodology was derived based on **Moody's methodology** to arrive at **contextualized scores for Indian PSU's** (Public Sector Units), to compare them across various Industries.

With these parameters in the context M76 tailored the following overall approach:

- 1) Identification of **Common Statistical Performance Parameters** that help gauge the performance across industries. The performance parameters include the following:
 - Strategic Performance
 - Asset Utilization
 - Employee Utilization
 - Relative Growth and Adaptation
 - Strategic Investments

- Overall Financial Performance
- 2) A detailed evaluation was carried out to assess the intangibles of the corporate strategy of each PSU, which include the following:
- ICT Initiative
 - Technology Adoption
 - Environmental Sustainability
 - HR initiative
 - Research and Development
 - CSR Initiative

The Jury Evaluation for the intangibles, was carried out by a panel which included senior personnel from various ministries, former CMD's of nationalized banks, established management consultants, and thinkers.

Outcomes and Insights delivered

With the entire study done for evaluation, many unveiled Insights were found about the functioning of the PSUs. Few of them are mentioned as follows:

1. 53% of the PSUs were performing better than their peers on one year profitability.
2. Asset utilization holds the strongest correlation among the analyzed parameters with the current profitability of the PSUs.
3. The correlation between asset utilization with the current profitability is 4 times as strong as the relationship between five-year growths in margins and profitability.
4. None of the age old Maharatna or Navaratna category PSUs were able to even match the industry average in asset growth.

Based on the above nearly 40 PSU's were awarded for their performance across various sectors. The award ceremony brought out some of the rare achievements of PSU's in India, like a milk fat tester in Rajasthan.

ABOUT US - M76 ANALYTICS :

M76 Analytics was founded by IITB (IIT Bombay) alumnus Jai Mrug, and is currently incubated at SINE, IIT Bombay. M76 Analytics endeavours to make customers realize the utility of data far beyond its transactional manifestation.

M76 Analytics has developed its platform MOBOT™, which utilizes organizational Data to build Operational and Business Strategies. It develops deep learning algorithms in-house that are suited to specific business scenarios, and can produce direct business actionables.

M76 Analytics is credited with carrying out the unique, one of its kind annual exercise of ranking PSU's (Public Sector Units), and developing some compelling election properties that have been broadcast on India's leading English News Channel Times Now.

CONTACT US

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