



# 'Maharatna' Status to Power Finance Corporation

## Why in News

Recently, the government has accorded the '**Maharatna**' status to state-owned **Power Finance Corporation (PFC)**.

- An order to this effect was issued by the **Department of Public Enterprises, under the Ministry of Finance**.
- PFC has become the **11<sup>th</sup> public sector enterprise** to get the '**Maharatna**' status in the country and joins the ranks of other such companies like [ONGC](#), [Indian Oil Corporation](#), [Steel Authority of India Limited \(SAIL\)](#) and [BHEL](#) among others.

## Key Points

### ▪ Maharatna" Status

- The **Maharatna dispensation** was ushered in **by the Union government for mega Central Public Sector Enterprises (CPSEs) to become global giants** (introduced in 2010).
  - CPSEs are those companies in which the direct holding of the Central Government or other CPSEs is 51% or more.
- "Maharatna" status is **granted to a company** which has recorded more than Rs. 5,000 crore of net profit for three consecutive years, an average annual turnover of Rs. 25,000 crore for three years or should have an average annual net worth of Rs. 15,000 crore for three years. It should also have global operations or footprints.
  - A CPSE **should also have a Navratna status**, be listed on an Indian stock exchange.
  - The **Government has laid down criteria** for grant of Maharatna, Navratna and Miniratna status to CPSEs.

### ▪ Power Finance Corporation (PFC)

- Incorporated in 1986, PFC is the **largest infrastructure finance company** dedicated to the power sector under the administrative control of the **Ministry of Power**.

### ▪ Significance of the Recognition

- **Greater Financial and Operational Efficiency:**
  - PFC **can invest up to Rs. 5,000 crore, or 15% of its net worth**, in a single project apart from being granted enhanced powers by the government for undertaking mergers and acquisitions.
    - Navratna and Miniratna CPSEs can invest up to Rs. 1,000 crore and Rs. 500 crore, respectively.
  - The PFC Board can also **structure and implement schemes** relating to personnel and human resource management and training.

- **Offer Competitive Financing**

- Enable PFC to offer competitive financing for the power sector, which will go a long way in making available **affordable & reliable 'Power For All 24x7'**.

- **Push Government Agenda**

- The enhanced powers that come with **Maharatna Status** will also help PFC in pushing the government's agenda of funding under the **National Infrastructure Pipeline**, national commitment of **40% green energy by 2030** and effective monitoring and implementation of the **new revamped distribution sector scheme** with an outlay of more than Rs. 3-lakh crore.

**Source: PIB**

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