



Maharatna Status to REC

Why in News?

Recently, **Rural Electrification Corporation (REC)** has been accorded the status of a '[Maharatna](#)' **Central Public Sector Enterprise (CPSE)**.

What do we know about REC & Maharatna Status?

▪ About REC:

- REC is a [Non-Banking Financial Company \(NBFC\)](#), incorporated in 1969, focusing on **Power Sector Financing and Development** across India.
- It comes under the purview of the **Ministry of Power**.
- It has been appointed as a Nodal Agency for Government of India's flagship schemes as following:
 - [Pradhan Mantri Sahaj Bijli Har Ghar Yojana \(SAUBHAGAYA\)](#)
 - Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY)
 - National Electricity Fund (NEF)
- REC also assists the Ministry of Power in monitoring the [Ujjwal Discom Assurance Yojana \(UDAY\)](#).

◦ Benefits to Maharatna Status to REC:

- The Board of a 'Maharatna' CPSE can **make equity investments to undertake financial joint ventures** and **wholly-owned subsidiaries** and **undertake mergers and acquisitions** in India and abroad, subject to a **ceiling of 15% of the Net Worth** of the concerned CPSE, limited to **₹5,000 crores in one project**.
- The Board can also **structure and implement schemes** relating to personnel and Human Resource Management and Training.
- REC now can also enter into technology **Joint Ventures** or other strategic alliances among others.

▪ 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 crores 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**.

Classification of CPSEs			
Category	Launch	Criteria	Examples
Maharatna	<ul style="list-style-type: none"> ○ Maharatna Scheme was introduced for CPSEs in May, 2010, in order to empower mega CPSEs to expand their operations and emerge as global giants. 	<ul style="list-style-type: none"> ○ Having Navratna status. ○ Listed on Indian stock exchange with minimum prescribed public shareholding under Securities and Exchange Board of India (SEBI) regulations. ○ An average annual turnover of more than Rs. 25,000 crore during the last 3 years. ○ An average annual net worth of more than Rs. 15,000 crore during the last 3 years. ○ An average annual net profit after tax of more than Rs. 5,000 crore during the last 3 years. ○ Should have significant global presence/international operations. 	<ul style="list-style-type: none"> ○ Bharat Heavy Electricals Limited, Bharat Petroleum Corporation Limited, Coal India Limited, GAIL (India) Limited, etc.
Navratna	<ul style="list-style-type: none"> ○ Navratna Scheme was introduced in 1997 in order to identify CPSEs that enjoy comparative advantages in their respective sectors and to support them in their drive to become global players. 	<ul style="list-style-type: none"> ○ The Miniratna Category – I and Schedule ‘A’ CPSEs, which have obtained ‘excellent’ or ‘very good’ rating under the Memorandum of Understanding system in three of the last five years, and have composite score of 60 or above in the six selected performance parameters, namely, <ul style="list-style-type: none"> ○ Net profit to net worth. ○ Manpower cost to total cost of production/services. ○ Profit before depreciation, interest and taxes to capital employed. ○ Profit before interest and taxes to turnover. ○ Earning per share. ○ Inter-sectoral performance. 	<ul style="list-style-type: none"> ○ Bharat Electronics Limited, Hindustan Aeronautics Limited, etc.
Miniratna	<ul style="list-style-type: none"> ○ Miniratna scheme was introduced in 1997 in pursuance of the policy objective to make the public sector more efficient and competitive and to grant enhanced autonomy and delegation of powers to the profit-making public sector enterprises. 	<ul style="list-style-type: none"> ○ Miniratna Category-I: The CPSEs which have made profit in the last three years continuously, pre-tax profit is Rs.30 crores or more in at least one of the three years and have a positive net worth are eligible to be considered for grant of Miniratna-I status. ○ Miniratna Category-II: The CPSEs which have made profit for the last three years continuously and have a positive net worth are eligible to be considered for grant of Miniratna-II status. ○ Miniratna CPSEs should have not defaulted in the repayment of loans/interest payment on any loans due to the Government. ○ Miniratna CPSEs shall not depend upon budgetary support or Government guarantees. 	<ul style="list-style-type: none"> ○ Category-I: Airports Authority of India, Antrix Corporation Limited, etc. ○ Category-II: Artificial Limbs Manufacturing Corporation of India, Bharat Pumps & Compressors Limited, etc.

Source: PIB

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