



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

**Source: PIB**

PDF Reference URL: <https://www.drishtias.com/printpdf/maharatna-status-to-rec>