

07– 06 – 2024

News: Navratna status for IREDA

- Recently, **Indian Renewable Energy Development Agency (IREDA)** achieved a **significant milestone** as it attains 'Navratna' status from the Department of Public Enterprises.

Indian Renewable Energy Development Agency (IREDA)

- Indian Renewable Energy Development Agency (IREDA) **was set up in 1987** as a **non-banking financial institution**, it operates under the **Ministry of New and Renewable Energy** and promotes and develops projects related to renewable energy sources.

Classification of Central Public Sector Enterprises (CPSE)

- The Government of India categorizes Central Public Sector Enterprises (CPSEs) under three different categories – Maharatna, Navratna, and Miniratna. These categorisations are based on different criteria.

Miniratna Status

- 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 power to the profit making public sector enterprises.
- Miniratna companies are those companies having a positive growth in terms of profit and thus contributing to the economy of India affirmatively.
- These CPSEs should not have defaulted any repayment of loans / interest payment on loans due to the government and shall not depend upon any budgetary support from government.
- Miniratna companies are further classified as Miniratna – I companies and Miniratna – II companies.

Miniratna – I category of companies

- Miniratna – I category of companies are those companies having made a profit continuously for three years or earned a net profit of 30 crores or more in one of the three years.
- They have a financial autonomy of up to 500 crore or equal to their net worth, whichever is lower.
- As of March 2024, there are 61 companies in the category.

Miniratna – II category of companies

- Miniratna – II category of companies are those who have made profits continuously for the last three years and having a positive net worth.
- They have a financial autonomy of up to 300 crore or up to 50% of their net worth, whichever is lower.
- As of June 2024, there are 11 companies in the category.

Navratna category of companies

- Navratna scheme was also introduced in 1997 to identify CPSEs that enjoy comparative advantages in their respective sectors and to support them in their drive to become global players.

- A company must first be a Miniratna category – I company and have 4 independent directors on its board before it can be made a Navratna.
- The company shall have obtained an “excellent” or a “very good” rating under the Memorandum of Understanding (MoU) system in three of last five years.

A score of 60 (out of 100) is required on based on the parameters which are given below:

- PBDIT (Profit before Depreciation, Interest and Taxes), Total Manpower Cost, Cost of Services, Capital Employed, Net Worth, Net Profit and Cost of Services.

Benefits for Investment

- Up to Rs. 1,000 crore or 30% of their net worth on a single project or 30% of their net worth in the whole year (not exceeding Rs. 1,000 crores).
- There are 19 Navratna companies as of June 2024.

Maharatna category of companies

- Maharatna scheme was introduced for CPSEs in May 2010, in order to empower mega CPSEs to expand their operations and emerge as global giants.
- “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.

- A CPSE should also have a Navratna status, be listed on an Indian stock exchange.
- Such a company shall also have significant global presence or international operations.
- As of June 2024, there are 13 Maharatna companies in India.