

Upgrade awaited: Govt considers Navratna status for Ircon, RCF

All-time high net profits, annual turnover, net worth boost chances by CPSEs

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The department of public enterprises (DPE) is considering a proposal to upgrade the status of Rashtriya Chemicals and Fertilisers (RCF) and IRCON to Navratnas.

This will enable the companies to have more autonomy in terms of investment, setting up joint ventures, and making other financial decisions. Both RCF and IRCON are currently categorised under the Miniratna category-1 schedule 'A' status.

RCF is a central public sector enterprise (CPSE) under the ministry of chemicals and fertilisers and IRCON is a CPSE under the ministry of railways. IRCON is engaged in engineering and construction activities of major infrastructure sectors.

On a yearly basis, IRCON posted a growth of 42 per cent in net profit at ₹777 crore for FY23 and RCF net profit jumped 37 per cent to ₹967 crore.

A senior finance ministry official said that there is an increase in the number of proposals sent by the administrative ministries to the DPE for upgrading the category of CPSEs.

"Most CPSEs are at a record high in terms of net profit, annual turnover and net worth during the last two concluded financial years. This is the reason behind the increase in the number of proposals. The government also wants these CPSEs to have more autonomy in their operations and become more market oriented in their functioning," he added.

A meeting of the inter-ministerial committee (IMC) was held in July 2023 to consider the proposal of the railway

STATUS CHECK

NET PROFIT OF NAVRATNA COMPANIES IN ₹ CR

	FY22	FY23
Bharat Electronics	2,349	3,007
Container Corporation of India	1,062	1,169
Engineers India	344	342
Hindustan Aeronautics	5,087	5,811
Mahanagar Telephone Nigam	-2603	-2,911
National Aluminium Company	2,952	1,544
National Buildings Construction Corporation	183	231
Neyveli Lignite Corporation	1,237	1,248
NMDC	9,448	5,529
Rashtriya Ispat Nigam	913	NA
Shipping Corporation of India	795	800
Rail Vikas Nigam	1,087	1,268
ONGC Videsh	1,494	1,660

NA: Data not available

Source: Company results

ministry for grant of Navratna status to IRCON.

Proposals from the administrative ministries for upgrading the status of a CPSE are sent to the DPE and the final approval is granted by the Union finance minister. Earlier this month, ONGC Videsh — under the ministry of petroleum and natural gas — became the 14th 'navratna' among CPSEs. Rail Vikas Nigam (RVNL) was the 13th CPSE to become a Navratna.

For a CPSE to be eligible for a Navratna status, the company must have Miniratna 1, schedule A status. It also must obtain an 'excellent' or 'very

good' memorandum of understanding rating in three of the last five years.

The parameters included in the MoU process are market oriented. They reflect the shareholders' interest in terms of growth in revenue, return on net worth, asset turnover ratio and market capitalisation for listed CPSEs.

All the parameters are quantifiable and verifiable from the documents in the public domain. Besides, certain government priorities such as procurement from government e-marketplace (GeM), micro and small enterprises (MSE) sector, research and innovation, among others, are also included.