# CPSE classification norms may be revised

## Move aimed at enhancing quality and efficiency

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New Delhi, 14 April

The Centre is planning to revise the guidelines governing the classification and performance assessment of Central Public Sector Enterprises (CPSEs) — which are categorised in four Ratna groups — and may introduce a provision to downgrade a CPSE if its performance dips, a senior government official said.

CPSEs are divided into four groups, Maharatna, Navaratna, Mini Ratna Category 1, and Mini Ratna Category 2.

"The proposed changes aim to enhance the overall quality and efficiency of CPSEs which are into four various categories. The government is also working on the revised framework that may include provisions to downgrade the status of CPSEs based on their performance, a measure that is currently not in place. This move is expected to bring greater accountability and performance-driven governance to the public sector," the official said.

There are 14 Maharatna CPSEs and 26 Navratna CPSEs in India. Last year, Union Finance Minister Nirmala Sitharaman approved the upgradation of four CPSEs, Railtel Corporation of India, Solar Energy Corporation of India, Satluj Jal Vidyut Nigam, and National Hydroelectric Power Corporation, to Navratna status.

The Centre last month elevated the status of Indian Railway Catering & Tourism Corporation Limited (IRCTC) and Indian Railway Finance Corporation Limited (IRFC) from Miniratna to Navratna.

The CPSEs have delivered their highest-ever dividend payout to the central government, amounting to ₹74,016 crore in the financial year 2024-25 (FY25).

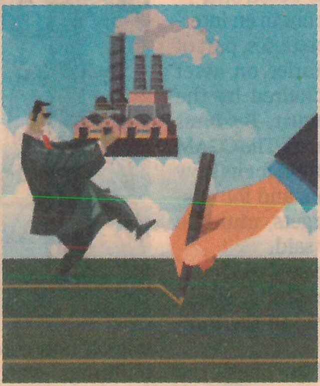

ILLUSTRATION: BINAY SINHA

### MEASURING UP

- Performance-based downgrade clause on cards
- India has 14 Maharatna and 26 Navratna CPSEs as of now
- CPSEs delivered record ₹74,016 cr dividend in FY25

The CPSEs that led the contribution include Coal India (₹10,252 crore), ONGC (₹10,001 crore), Indian Oil Corporation (₹5,090 crore), Power Grid Corporation of India (₹4,824 crore), and NTPC Ltd (₹4,088 crore). This marks a consistent upward trend in dividends from CPSEs over recent years. The central government received ₹63,749 crore in FY24, ₹59,533 crore in FY23, ₹59,294 crore in FY22, and ₹39,750 crore in FY21.

A Maharatna must be listed on an Indian stock exchange with a minimum prescribed public shareholding of 25 per cent based on Sebi regulations.

It should also have an average annual turnover of more than ₹25,000 crore, an average annual net worth of more than ₹15,000 crore, and an average annual net profit after tax of over ₹5,000 crore in the last three years.

Moreover, it should have a significant global presence or international operations.

The Maharatna scheme, introduced in 2010, aims to empower mega CPSEs to expand their operations and emerge as global giants.

The government grants Navratna status to CPSEs that have obtained an "excellent" or "very good" memorandum of understanding (MoU) rating in three of the last five years. They should also have a composite score of 60 or above in six selected performance indicators, such as 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; earnings per share; and inter-sectoral performance.

The Navratna scheme was introduced in 1997 to identify CPSEs with comparative advantages and support them in their quest to become global giants.