

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:88
ANSWERED ON:09.07.2009
NAVRATNA PSUS
Lagadapati Shri Rajagopal

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) the criteria adopted to declare a Public Sector Undertaking (PSU) as a Navratna Unit;
- (b) the benefits that a Navratna company gets`as compared to other companies:
- (c) whether the benefits accrued to Navratna companies differ based on the sales turnover;
- (d) if so, the details thereof;
- (e) whether conferment of the Navratna status has helped the PSUs generally in maintaining and improving their overall performance;
and
- (f).ifso, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI VILASRAO DESHMUKH)

(a) to (f): A statement is laid on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 88 for 9.7.2009 regarding Navratna PSUs asked by Shri L. Raja Gopal, M.P.

(a): The Government initiated the Navratna and Miniratna schemes in 1997 in order to identify public sector companies having comparative advantages, and to make them more efficient and competitive by granting them operational and functional autonomy. As of now, the Central Public Sector Enterprises (CPSEs) fulfilling the following criteria are eligible to be considered for grant of Navratna status:

- (i) Having Schedule `A` and Miniratna Category-1 status
- (ii) Having at least three `Excellent` or `Very Good` Memorandum of Understanding (MoU) ratings during the last five years
- (iii) Having a composite score of 60 or above out of 100 marks based on its performance during the last 3 years on the following six identified efficiency parameters:

Performance Maximum Marks
Parameters

Net Profit to 25
Net Worth

Manpower Cost to 15
Cost of Production
or services

Gross Margin to 15
Capital Employed

Gross Profit 15
to Turnover

Earnings per 10
Share

Inter-Sectoral 20
comparison
based on Net
Profit to
Net Worth

Total 100

(b): As compared to other CPSEs, the Boards of Navratna CPSEs have been delegated enhanced powers in the areas of (i) capital expenditure, (ii) equity investment in joint ventures/subsidiaries in India or abroad, (iii) human resources development,(iv) organizational restructuring and (v) raising of debt from the domestic capital markets and borrowings from international markets.

(c): No, Madam, (d): Does not arise.

(e) and (f): Over a period of time, Navratna CPSEs have attained brand value as it facilitates them to expeditiously take investment decisions. The performance of Navratna CPSEs is regularly reviewed by the Inter-Ministerial Committee /Apex Committee. The performance of Navratna CPSEs, which have enjoyed Navratna status for the last few years,in terms of their aggregate turnover, net worth and net profit has improved as indicated in the following table.

(Rs. Crore)

Year 2005-06 2006-07 2007-08

Criteria

Turnover	4,88,259	5,92,554	6,65,199
Net worth	1,86,896	2,14,008	2,45,703
Net Profit	34.446	45,069	47,379