

REC accorded with the status of a 'Maharatna'

September 23, 2022

In news– Department of Public Enterprises, under the Ministry of Finance has recently accorded the status of a 'Maharatna' Central Public Sector Enterprise to REC, thus giving REC greater operational and financial autonomy.

What is 'Maharatna' status?

"Maharatna" status is granted to a company which has recorded more than Rs. 5,000 crore 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.

Criteria for grant of Maharatna status to CPSEs-

- Having Navratna status.
- Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
- An average annual turnover of more than Rs. 25,000 crore during the last 3 years.
- An average annual net worth of more than Rs. 15,000 crore during the last 3 years.
- An average annual net profit after tax of more than Rs. 5,000 crore during the last 3 years.
- Should have significant global presence/international operations.

Maharatna CPSEs(as on February) –

1. Bharat Heavy Electricals Limited.
2. Bharat Petroleum Corporation Limited.
3. Coal India Limited.
4. GAIL (India) Limited.

5. Hindustan Petroleum Corporation Limited.
6. Indian Oil Corporation Limited.
7. NTPC Limited.
8. Power Finance Corporation.
9. Oil & Natural Gas Corporation Limited.
10. Power Grid Corporation of India Limited.
11. Steel Authority of India Limited.

About REC-

- Incorporated in 1969, REC Limited, formerly Rural Electrification Corporation Limited, is a public Infrastructure Finance Company in India's power sector.
- The company is a Public Sector Undertaking and finances and promotes power projects across India.
- It is **functioning under the purview of the Ministry of Power**. The company is listed on both National Stock Exchange and Bombay Stock Exchange.
- The company is primarily **engaged in providing finance for rural electrification projects across India and provides loans to Central/ State Sector Power Utilities, State Electricity Boards, Rural Electric Cooperatives, NGOs and Private Power Developers**.
- The company sanctions loan as a sole lender nor a-lender or in consortium with or without the status of lead financier.
- It also provides consultancy, project monitoring and financial/ technical appraisal support for projects, also in the role of nodal agency for Government of India schemes or projects.
- **REC has played a key role in the success of the flagship schemes** of the Government of India such as **DDUGJY and SAUBHAGYA** and has contributed towards achieving village and household electrification in the country.
- REC is currently playing the **role of nodal agency for Revamped Distribution Sector Scheme (RDSS)**, for revamping the distribution sector to alleviate the

financial & operational issues.

- The grant of 'Maharatna' status to REC will impart enhanced powers to the company's Board while taking financial decisions.
- 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.
- With this, REC can also enter into technology Joint Ventures or other strategic alliances among others.