

## What are PSU's ?

PSU's are government-owned corporations or state-owned enterprises created by the Government of India to undertake commercial activities on behalf of government. Several Public Sector Undertakings (PSUs) under the aegis of Government of India regularly provide tremendous employment opportunities in various technical and management areas.

### MAHARATNA PSU's:

Maharatna is the status given to top public sector enterprises where the companies have the authority to make foreign investments of upto Rs 5,000 crores without taking any government approval. To be qualified as Maharatna, the company should gain an annual net profit of over Rs. 5,000 crores, net worth of Rs. 15,000 crores and turnover of Rs. 25,000 crores over past three consecutive years. At present the companies which have Maharatna status are: SAIL, ONGC, NTPC, CIL and IOCL.

### NAVRATNA PSU's:

Navratna status is conferred to the companies by the Department of Public Enterprises. To be qualified as a Navratna, the company must obtain a score of 60 out of 100. The score is based on six parameters which include net profit to net worth, total manpower cost to total cost of production or cost of services, PBDIT (Profit before depreciation, interest and taxes) to capital employed, PBDIT to turnover, EPS (Earning per Share) and inter-sectoral performance. Additionally, a company must first be a Miniratna and have four independent directors on its board before it can be made a Navratna. The Navratna status gives privileges to enhance

financial and operational autonomy and empowers to invest up to Rs. 1000 crores or 15% of their net worth on a single project without seeking government approval. In a year, these companies can spend up to 30% of their net worth not exceeding Rs. 1000 crores. They will also have the freedom to enter joint ventures, form alliances and float subsidiaries abroad.

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