

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS**

**LOK SABHA
STARRED QUESTION NO.371
TO BE ANSWERED ON 26.03.2025**

NAVRATNA STATUS TO IRCTC AND IRFC

***371. SHRI VIJAYAKUMAR ALIAS VIJAY VASANTH:**

Will the Minister of RAILWAYS be pleased to state:

- (a) the details of the breakup of the financial performance of Indian Railways Catering and Tourism Corporation (IRCTC) and Indian Railway Finance Corporation (IRFC) that led to their elevation to Navratna status and whether this is expected to increase transparency and accountability in their operations;**
- (b) the manner in which grant of Navratna status to IRCTC and IRFC impacts the job security, wages and working conditions of employees in these organizations;**
- (c) whether the Government proposes to take any measures to ensure that their rights and welfare are safeguarded amid the increased operational autonomy, if so, the details thereof and if not, the reasons therefor;**
- (d) whether any specific powers and operational autonomy are granted to IRCTC and IRFC following their Navratna status;**
- (e) the details of the measures to ensure that these powers are not misused for private interests or lead to reduced accountability to the public; and**
- (f) whether the Government proposes to address concerns regarding the disparity in the financial growth between these public sector companies and other sectors of the Railways, which still face significant funding issues considering the fact that IRCTC and IRFC have demonstrated impressive financial performance?**

ANSWER

**MINISTER OF RAILWAYS, INFORMATION & BROADCASTING AND
ELECTRONICS & INFORMATION TECHNOLOGY**

(SHRI ASHWINI VAISHNAW)

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

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA
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(a) to (f): The Navratna status to Central Public Sector Enterprises (CPSEs) is granted after review of financial performance parameters as per extant guidelines of Department of Public Enterprises (DPE), Ministry of Finance.

Such financial performance parameters include Net Profit to Net worth, Manpower Cost to total Cost of Production or Cost of Services, Profit before Depreciation, Interest and Taxes (PBDIT) to Capital employed, Profit before Interest and Taxes (PBIT) to Turnover, Earning per share and Inter-Sectoral performance (Net profit to Net Worth) for the last three years.

IRCTC's and IRFC's Revenue from Operations grew at Compounded Annual Growth Rate (CAGR) of more than 17% and 14%, respectively, while Net-worth, Earning Before Interest, Depreciation and Taxes (EBIDTA) and Profit after tax, during last 5 years grew with CAGR of more than 20% and 10%, respectively.

Being listed CPSEs, IRCTC and IRFC are governed through various rules, regulations and guidelines, in particular, Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations and guidelines issued by DPE.

The companies maintain highest standards of governance abiding with basic principles of Corporate Governance by means of strong internal controls, Code of Conduct and Schedule of Powers (SoP).

The Company has diverse Board and well structured committees of Board for effective decision making. The Board and the respective committees regularly monitor the Action Taken Report on its decisions.

The Companies are also subject to audit by C&AG of India and statutory auditor appointed by C&AG of India.

The Navratna status for IRCTC and IRFC will enhance market perception, stakeholder's confidence and most importantly, employee's morale and motivation. The employees can be better incentivized through allowances, increments, introduction of staff welfare scheme as per extant guidelines. It will facilitate retention of employees and attract skilled talented manpower.

DPE in its guidelines has provided enhanced autonomy and powers to Board of Directors (BoD) of the Navratna CPSEs, the few of which are summarized below:-

(i) The ceiling on equity investment to establish financial joint ventures and wholly owned subsidiaries in India or abroad shall be 15% of the net-worth of the CPSE in one project limited to Rs.1000 crore in India and the overall ceiling on such investments in all projects put together shall be 30% of the net-worth of the CPSE.

(ii) Powers for mergers and acquisitions subject to certain conditions.

(iii) Incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.

(iv) Enter into technology joint ventures or strategic alliance,

(v) Creation of posts; organizational restructuring including establishment of profit centers,

(vi) Structure & implement schemes relating personnel and Human Resource Management, training, etc.

(vii) Raise debt from domestic capital markets and for borrowings as per guidelines.

To ensure accountability, the exercise of these powers is subject to conditions and guidelines stipulated by DPE as mentioned below-

- (i) The proposals must be presented to the BoD in writing with analysis of relevant factors and quantification of anticipated results and benefits.**
- (ii) The Government Directors, Financial Directors and concerned Functional Directors must be present when major decisions are taken, especially when the proposal pertains to investments, expenditure or organizational / capital restructuring.**
- (iii) Decisions on such proposals should preferably be unanimous. In the event of any decision on important matter not being unanimous, a majority decision may be taken by at least two-thirds of the Directors.**
- (iv) No financial support or contingent liability on part of the Government.**
- (v) Establish transparent and effective systems of internal monitoring, including the establishment of an audit committee of the Board with membership of non-official Directors.**

Since 2014, the Gross Budgetary Support to Railway by the Government of India has increased significantly from Rs 29,055 Cr in 2013-14 to Rs 2,52,200 Cr in 2025-26, i.e., more than 8.6 times. This has resulted in development of infrastructure in Indian Railways in a big way.
