



# Monitoring and Strengthening SOE Performance

*State-owned Enterprises (SOE) Global Conference*

**April 28-29, 2026**  
**Seoul, Republic of Korea**



***Central Public Sector Enterprises (CPSEs) are the India's form of State-Owned Enterprises (SOEs)***

— government-owned or controlled commercial entities operating across strategic, industrial, infrastructure, and service sectors.

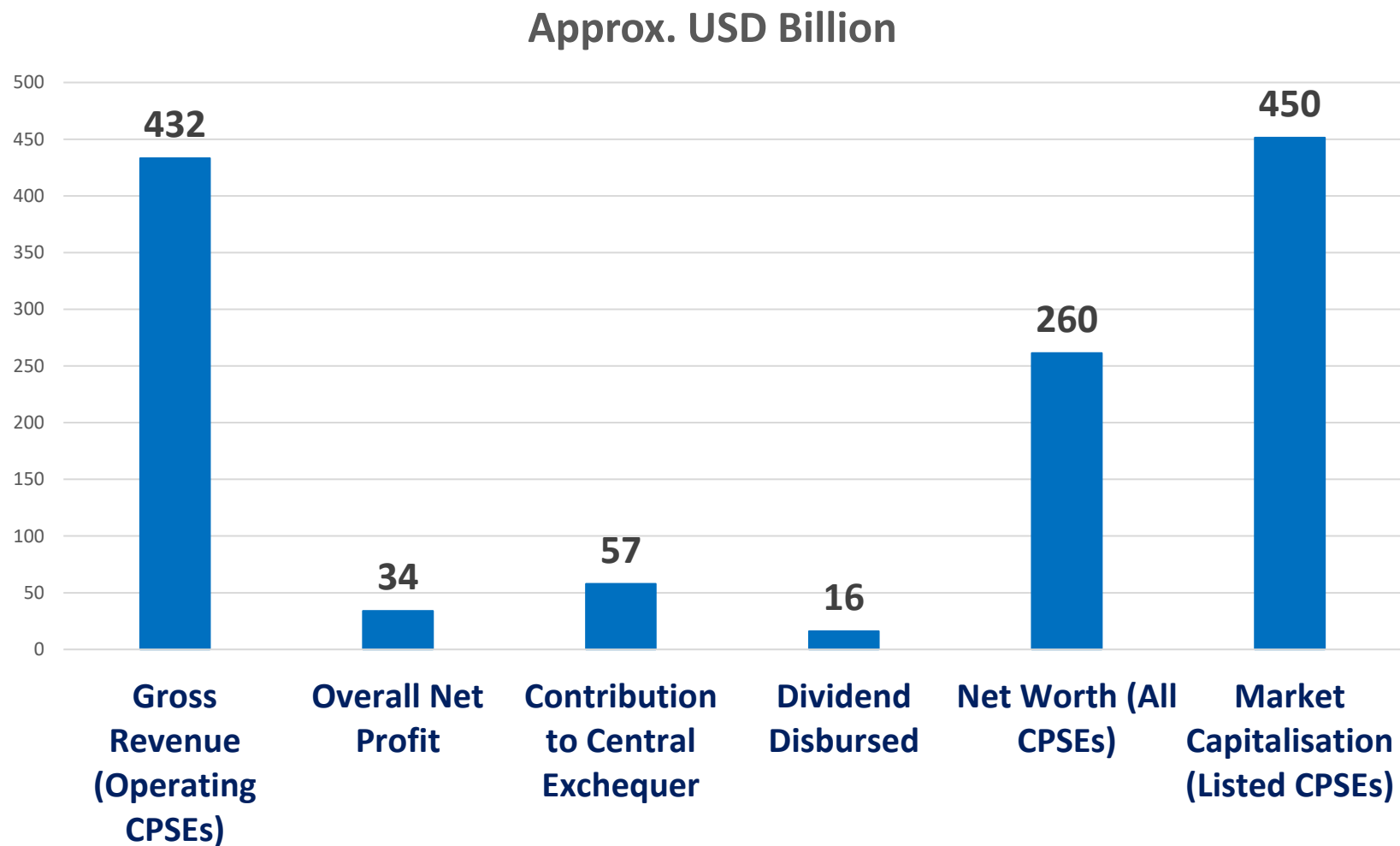
**CPSEs' evolution** over the decades:

Period	Nature of CPSEs	Policy Objective
1947–1965	Creation	Industrial base building
1965–1980	Expansion	State-led development
1980–1991	Efficiency concerns	Performance orientation
1991–2000	Liberalization	Competition & restructuring
2000–2014	Autonomy	Commercial growth
2014–Present	Strategic reform	Value creation & governance



## CPSEs' expansion:

Year / Period	CPSEs	Key Observation
1951	5	Initial post-independence industrial SOEs
1969	84	Rapid expansion started during planned economy phase
1991	200+	Growth driven by heavy industrialization and public investment
2014	~300	Increase through sectoral diversification
2023	400+	Significant rise due to new incorporations and subsidiaries, and now consolidation phase ongoing





## Evolution of CPSEs' Performance Evaluation Mechanism

### ✓ *Initiation (1980s):*

Performance evaluation introduced to improve accountability, efficiency, and measurable outcomes.

### ✓ *Korean Signaling Methodology:*

Adoption of MoU-based performance contracting inspired by Korean public enterprise reforms.

### ✓ *Objective-Based Framework:*

Shift to KPI-driven assessment with clear annual targets and standardized evaluation.

### ✓ *Performance-Linked Accountability:*

Evaluation outcomes linked with managerial accountability and Performance Related Pay .

### *Outcome:*

Transition from administrative control to a **performance-driven governance framework** for CPSEs.



## ***Revenue, Physical Output, CAPEX, Forex Earning/ Saving, and R&D [59]***

**Revenue from Operations, Physical Production/ Value of Production, CAPEX & Project Execution, Exports & Reduction in Imports, R&D**

## ***Financial Margins [26]***

**EBITDA, Return on Capital Employed / Return on Net Worth, Assets Turnover Ratio, Operating Cash Flow**

## ***Value Creation for Shareholders [15]***

**Total Return to Shareholders (listed), Or Earnings per Share (unlisted)  
Dividend Payout**

## ***Compliance Parameters [-13]***

**Corporate Social Responsibility, Corporate Governance, Procurement from MSEs and timely payments, Non-core Assets Monetization Plan, Leadership Development Plan, Adoption of Emerging Technologies Plan**



**OUTCOME** based indicators



**QUANTIFIABLE** parameters



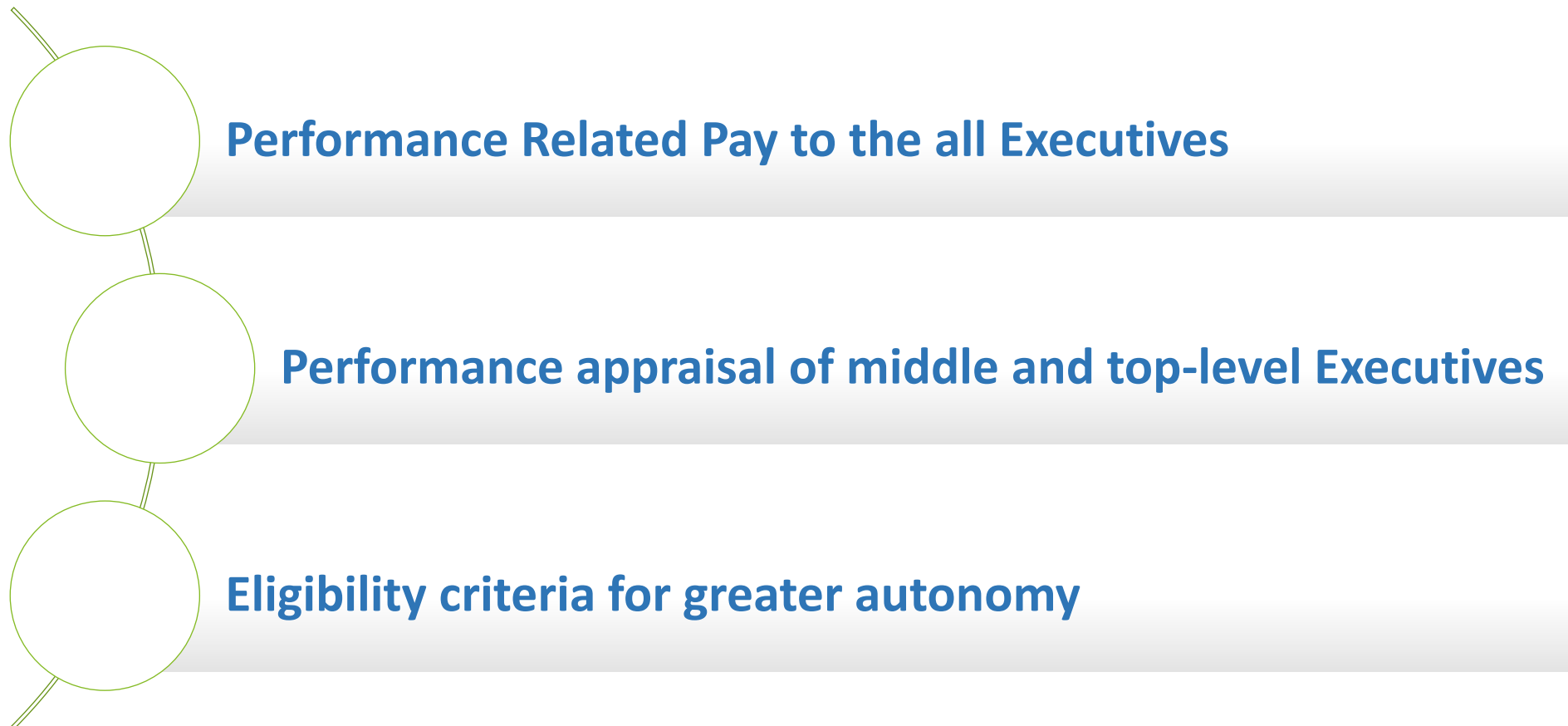
**PRPORTIONATE** marking for achievement against the target fixed



**VERIFIABLE** by Annual Reports or Audited Annual Accounts



**NO OFFSET** based on variations due to normal business conditions  
(like exchange rate, regulatory prices, reduction in margins etc.)





**Purpose:** Provides graded financial and operational freedom to high-performing CPSEs.

Category	Role	Autonomy Level
<b>Maharatna</b>	Strategic global enterprises	Very High
<b>Navratna</b>	Commercially strong enterprises	High
<b>Miniratna</b>	Emerging profitable enterprises	Moderate

## Operational Benefits:

- Faster investment decisions
- Reduced government approvals
- Greater board accountability
- Improved global competitiveness



**Purpose:** Aligns enterprise size with organizational hierarchy and management complexity.

Schedule	Enterprise Scale	Governance Complexity
Schedule A	Very Large	High
Schedule B	Large	Moderate–High
Schedule C	Medium	Moderate
Schedule D	Small	Basic

## Governance Benefits:

- Determines executive pay structure
- Defines board composition
- Supports scalable governance
- Ensures proportional oversight



- ✓ **All CPSEs** are governed under ***the Companies Act, 2013***, ensuring board governance, disclosures, audits, and accountability.
- ✓ **Listed CPSEs** additionally comply with ***Securities and Exchange Board of India (LODR Regulations)***, requiring higher standards of transparency, disclosures, independent directors, and investor protection.
- ✓ CPSEs are also subject to government oversight, audit, and parliamentary scrutiny.
- ✓ Overall CPSEs operate under a **higher corporate governance and compliance framework**, aligned with market discipline and public accountability.



## *New Policy for Consolidation of CPSEs*

- Under the **New Public Sector Enterprise (PSE) Policy, 2021**, CPSEs are classified into **Strategic** and **Non-Strategic** sectors.
- In **Strategic Sectors**, only a **minimum government presence** is retained; remaining CPSEs may be merged, privatized, or closed.
- In **Non-Strategic Sectors**, CPSEs are considered for **privatization or closure** where feasible.
- Policy encourages **consolidation through merger/subsidiarization** to create stronger and efficient enterprises, with objective is to reduce fragmentation, optimize resources, and improve competitiveness.

### **Key Message:**

Move toward **fewer, larger, and strategically focused CPSEs** for improved efficiency and national value creation.



**Thank You**