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NBCC (INDIA) LIMITED

MINISTRY OF HOUSING AND URBAN AFFAIRS

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2021-22)**

FIFTEENTH REPORT

(SEVENTEENTH LOK SABHA)



LOK SABHA SECRETARIAT

NEW DELHI

FIFTEENTH REPORT
COMMITTEE ON PUBLIC UNDERTAKINGS
(2021-22)

(SEVENTEENTH LOK SABHA)

NBCC (INDIA) LIMITED
MINISTRY OF HOUSING AND URBAN AFFAIRS

**[Action taken by the Government on the Observations/Recommendations
contained in the Fifth Report of the Committee on Public Undertakings on NBCC
(India) Limited**



Presented to Lok Sabha on 24 March, 2022
Laid in Rajya Sabha on 24 March, 2022

LOK SABHA SECRETARIAT

NEW DELHI

March, 2022/ Chaitra, 1943(Saka)

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COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS (2021-22)

****Shri Santosh Kumar Gangwar - Chairperson***

**Members
*Lok Sabha***

2. Shri Lavu Sri Krishna Devarayalu
3. Dr. Heena Vijaykumar Gavit
4. Shri Chandra Prakash Joshi
5. Smt. K. Kanimozhi
6. Smt. Poonamben Hematbhai Maadam
7. Shri Arjunlal Meena
8. Shri Janardan Mishra
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Rajya Sabha

16. Shri Birendra Prasad Baishya
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19. Shri Om Prakash Mathur
20. Shri Surendra Singh Nagar
21. Shri K.C. Ramamurthy
22. Shri M. Shanmugam

SECRETARIAT

- | | | | |
|----|---------------------|---|----------------------|
| 1. | Shri R.C. Tiwari | - | Additional Secretary |
| 2. | Shri G.C. Prasad | - | Additional Director |
| 3. | Smt. Mriganka Achal | - | Deputy Secretary |
| 4. | Shri Haokip Kakai | - | Executive Officer |

*** Shri Santosh Kumar Gangwar appointed as Chairperson, COPU w.e.f. 13 August, 2021 vice Smt Meenakshi Lekhi appointed as Minister on 07 July, 2021.**

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings having been authorized by the Committee to submit the Report on their behalf, present this Fifteenth Report on Action Taken by the Government on the Observations/Recommendations contained in the Fifth Report of the Committee on Public Undertakings (17th Lok Sabha) on “NBCC (India) Limited”.

2. The Fifth Report of the Committee on Public Undertakings (17th Lok Sabha) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 24 March, 2021. The Action taken Replies to all the 37 recommendations contained in the Report were received from the Ministry of Housing and Urban Affairs on 19 August, 2021.

3. The Committee considered and adopted the draft Report at their sitting held on 16 February, 2022. The minutes of the sitting are given in Appendix-I.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Fifth Report of the Committee (17th Lok Sabha) is given in Appendix -II.

New Delhi;
22 March, 2022
01 Chaitra, 1943(S)

SANTOSH KUMAR GANGWAR
Chairperson,
Committee on Public Undertakings.

CHAPTER I

DRAFT REPORT

This Report of the Committee deals with the action taken by the Government on the Observations/Recommendations contained in the Fifth Report (Seventeenth Lok Sabha) of the Committee on Public Undertakings (2020-21) on “**NBCC (India) Limited**” which was presented to Lok Sabha on the 29th January 2021.

2. The Report contained Thirty-seven Observations/Recommendations. Action Taken notes have been received from the Government in respect of all the Thirty-seven Observations / Recommendations contained in the Report. These have been categorized as follows:

- (i) Observations / Recommendations which have been accepted by the Government (Chapter II)
Sl. Nos. 1, 2, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 26, 27, 28, 29, 31, 32, 33, 34, 35, 36.1 and 36.2.
(Total 31)
- (ii) Observations / Recommendations which the Committee do not desire to pursue in view of the Government’s replies (Chapter III)
Sl. Nos. 22
(Total 1)
- (iii) Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee (Chapter IV)
Sl. Nos. 3, 7, 24, 25, and 30
(Total 5)
- (iv) Observations / Recommendations to which the Government have furnished interim replies. (Chapter V)
Nil
(Total 0)

3. The Committee desire the Ministry of Housing and Urban Affairs to furnish Action Taken Notes/Replies in respect of the Observations/Recommendations contained in Chapter I of the Report within three months of the presentation of the Report to Parliament.

4. The Committee will now deal with the Action Taken by the Government on some of the Observations/Recommendations in succeeding paragraphs.

BOARD OF DIRECTORS

(Recommendation Serial No. 3)

5. The Committee in their Fifth Report had recommended the following with regard to the Board of Directors in NBCC (India) Limited:-

"The Committee note that the Board of NBCC comprises the sanctioned posts of 4 Functional Directors, 2 Government Nominee Directors and 6 Independent Directors. The Committee however observe that out of the 6 posts of Independent Directors, only one post has been filled-up and 5 posts are remaining vacant for more than a year. Regarding the large number of vacancies of the Independent Directors, the Committee was informed that the position of Independent Directors of the company got vacant due to completion of their tenures on 15 June 2019 and that requests had been made from time to time to the administrative Ministry for appointment of requisite number of Independent Directors including one Woman Independent Director on the Board of the Company. The Committee observe that though one Independent Woman Director has been appointed with effect from 1st August 2019, the appointment of other Independent Directors are however yet to be made. The Committee observe that as per the guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises vide their OM No.18(6)/91-GM dated 16.03.1992, a panel of suitable persons who could be considered for appointment of non-official part time Directors on the Boards of PSEs is to be maintained centrally by the Department of Public Enterprises and this panel is to be prepared in consultation with PESB and the Secretary of the concerned administrative Ministry. This Committee also in their Fourth Report (Twelfth Lok Sabha) had expressed their opinion that shortage of non-official Directors on the Board deprives the Undertaking of expert guidance of seasoned professionals and technocrats and the Committee had therefore recommended in the said Report that the strength of non-official Directors in PSUs should be brought to the level stipulated in the guidelines without further loss of time. The Committee strongly feel that Independent Directors act as a guide to the Company for bringing improvement in the corporate credibility and standards of governance. They also help the Company in bringing Independent judgment and act as a bridge between management and shareholders by encouraging the implementation of the principles of corporate governance ensuring accountability and transparency in the functioning of the Company and persuading for various mandatory disclosures. Taking into account the important role and significant contributions by Independent Directors, the Committee are of the strong view that vacancies of Independent Directors on the Board should not be left unfilled for long period of time as has happened in this case. The Committee do not find any plausible explanation for non-filling of the vacancies of Independent Directors in NBCC for such a long period particularly when the 73 DPE is expected to maintain a panel of suitable persons for such appointments. The Committee are of the definite opinion that since the tenure of the Directors

was already known, the Government should have processed the appointment to these posts in advance so that the new incumbents could have taken up the posts immediately after these were vacated. The Committee, therefore, strongly recommend that the vacant posts of Independent Directors be filled up by the Government immediately without any further loss of time and guidelines of DPE be scrupulously followed in the appointment of Directors on the Board of the Company. The Committee may be apprised of the action taken in the matter within a period of three months".

6. The Ministry of Housing and Urban Affairs in their action taken reply have stated as follows:-

"NBCC (India) Limited is a Government owned enterprise, the power to appoint functional/ Official, Part-time Directors/ non-Official Part-time Directors (Independent Directors) vests with the Government of India. The appointments of Directors are made by the Appointment Committee of Cabinet (ACC) on recommendations of Administrative Ministry, i.e., Ministry of Housing and Urban Affairs.

After vacancy of the position of Independent Directors due to completion of tenure of six (6) Independent Directors, requests have already been made by NBCC to the Administrative Ministry, i.e., Ministry of Housing and Urban Affairs (MoHUA) through various letter correspondence dated February 24, 2021, December 2, 2020, November 2, 2020, October 7, 2020, August 27, 2020, May 23, 2020, February 25, 2020, February 7, 2020 November 7, 2019, October 21, 2019; August 27, 2019; July 26, 2019; February 18, 2019 and January 02, 2019 for appointment of requisite number of independent Directors (including one-Woman Independent Director) on the Board of the Company. Further, National Stock Exchange (NSE) and BSE India Limited (BSE) sought clarification several times and levied penalty due to non-compliance on Composition of Board and constitution of Statutory Committees (Audit Committee and Nomination & Remuneration Committee). In view of the above, NBCC duly clarified to NSE and BSE several times and submitted reply that being a Government owned enterprise, the power to appoint functional/ Official, Part-time Directors/ non-Official Part-time Directors (Independent Directors) vests with the Government of India. The appointments of directors are made by the ACC on recommendations of Administrative Ministry i.e. Ministry of Housing and Urban Affairs. Further, the same was informed to Administrative Ministry also".

7. The Committee in their report had observed that out of the 06 posts of Independent Directors on the Board of NBCC, only 01 was filled up and had recommended to expedite the filling-up of all the vacant posts without any further loss of time. However, as per the reply furnished by NBCC, now all the 06 posts of Independent Directors are lying vacant. Surprisingly, the Ministry of Housing

and Urban Affairs despite being reminded by NBCC about 14 times during the last 02 years does not seem to have taken any serious step to fill-up the vacant posts. Even the post of woman Director that is mandatory to be filled up as per Companies Act 2013 and SEBI (LODR) Regulations has also not been filled up by the Ministry of Housing and Urban Affairs. As informed to the Committee, the National Stock Exchange(NSE) and the Bombay Stock Exchange (BSE) had levied penalty on NBCC for non compliance of Companies Act in composition of the Board and also in constitution of Statutory Committees like Audit Committee and Nomination & Remuneration Committee. The Committee express their displeasure over the approach of the Ministry for not taking any concrete action to fill-up the posts of Independent Directors in NBCC despite the imposition of penalty by NSE and BSE for non-compliance. The Committee take serious note of this situation and desire the Ministry to furnish an explanatory note on this issue. The Committee re-emphasize the need to set high standards of corporate governance in government owned companies and expects the Administrative Ministry i.e. Ministry of Housing and Urban Affairs and ACC to ensure compliance of the statutory Board norms by NBCC (India) Limited.

PERFORMANCE IN OVERSEAS PROJECTS

(Recommendation Serial No. 5 and 14)

8. The Committee, in their Fifth Report, had recommended the following with regard to the Performance of its overseas projects of NBCC (India) Ltd.:-

"The Committee observe that NBCC's core activities comprises three distinct verticals viz. (i) Project Management Consultancy (PMC), (ii) Engineering Procurement and Construction (EPC), and; (iii) Real Estate Development (RED). NBCCs PMC business consists of a wide range of management and consultancy services in civil construction projects and infrastructure projects. The Engineering, Procurement and Construction (EPC) business involves project conceptualization, feasibility studies, detailed project reports, design engineering, procurement and expeditious execution of projects. The NBCC entered the real estate segment in 1988 and has executed several commercial and residential projects. The NBCC has also started its global operations since 1997 and the Company has executed diverse and complex projects in countries like Libya, Iraq, Yemen, Nepal, Maldives, Mauritius, Turkey and Botswana. Presently, the Company has its presence in Maldives, Mauritius, Republic of Niger, Dubai and Seychelles where it is implementing various projects. The Committee further observe that the NBCC have secured overseas projects in the several African

countries namely Gambia, Liberia, Malawi, Gabon, Togo, Burkina Faso and Zambia but these projects are yet to start. The total value of these projects is approximately Rs. 2,000 crore. The Committee are glad to note that NBCC has completed 24 overseas projects in different foreign countries during the period from 1994 to 2016. The Committee's analysis of the overseas projects of NBCC since 2017 in Mauritius, Dubai, Niger, Seychelles, Gambia, Liberia, Malawi, Gabon, Togo, Burkina Faso and Zambia have been awarded to the NBCC through nomination from the Governments. The Committee observe that NBCC itself has admitted that they are facing the challenges in the global market like regulatory variations, logistic challenges, need of strong financial and technical credentials as well as certified professionals, requirement of experience in international working system, shortage of skilled workforce etc. The NBCC, as informed to the Committee, is targeting African countries, Middle-East countries, CIS countries, Indian Ocean countries and SAARC countries to achieve its future objectives in international markets. The Committee feel that in the present age of sharp competition among rival players for securing orders, the business will sustain only on the basis of better execution at competitive price and therefore, the Committee strongly recommend that NBCC has to develop and enrich their core competence to provide better quality services in lesser time and competitive cost than their competitors in the international market so that the NBCC could be able to secure the overseas projects with their own strength and capabilities by participating in the global tender process rather than being dependent on the government nomination for these international projects. "

9. The Ministry of Housing and Urban Affairs, in their Action Taken reply, have stated as follows:-

"After Amendment in GFR-2017, the projects secured on nomination basis have reduced considerably and NBCC is participating in the bids invited by Ministries /Departments /Institutions amongst CPSE/PSU.

Further to showcase company's own strength and capabilities, NBCC's recent overseas project namely – MGICC, Niger and Supreme Court Building, Mauritius has been completed well ahead before the schedule time and with-in stipulated cost.

This has provided an edge and excellent credentials for exploring further business opportunities in overseas market."

10. With regard to completion of stressed projects of NBCC (India) Ltd., the Committee in their Fifth Report recommended as follows;

"The Committee observe that NBCC have successfully executed diverse and complex projects in countries like Libya, Iraq, Yemen, Nepal, Maldives, Mauritius,

Turkey and Botswana. Presently, the Company has its presence in Maldives, Mauritius, Republic of Niger, Dubai and Seychelles where it is implementing various projects. The Company has also secured overseas projects in several African countries like Gambia, Liberia, Malawi, Gabon, Togo, Burkina Faso and Zambia but these projects are yet to start. The total value of these projects is approximately Rs.2,000Crore. The Committee note that the NBCC has generated turnover of Rs.2,000Crore. The Committee note that the NBCC has generated turnover of Rs.363.71 Crore from the International projects undertaken during the period from 2014-2019. The Committee also note from the details furnished that many overseas projects of NBCC were scheduled for completion before or during the year 2020. Some of them are (i) construction of Mahatma Gandhi International Convention Centre at Niamey, Niger that was scheduled to be completed by 31 October 2019 with a value of Rs. 392 Crore, (ii) New Supreme Court Building, Port Louis, Mauritius that was scheduled to be completed by 24 December 2019, (iii) Social Housing at Dagotiere and Mare Tabac, Mauritius that was scheduled for completion by 8 February 2020, and (iv) construction of Indian pavilion at Dubai World Expo that was scheduled to be completed by 31 August 2020 with a value of Rs.232.70 Crore. The Committee further note that there are about 8 projects secured in Africa but yet to start as in some cases the soil and topographical survey, alternate land confirmation/allotment are awaited from the host countries. The Committee would like to be apprised about the status of these projects which were scheduled for completion before or during the year 2020. The Committee recommends that NBCC should make a mark in the global markets and to achieve this goal, the Company should deliver the projects in time with better-quality execution without any cost over-run".

11. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"NBCC has already submitted the DPR of the mentioned projects secured in Africa to Ministry of External Affairs (MEA). Further, NBCC is pursuing with the Ministry of External Affairs to take forward these projects of MGCC in 8 countries in Africa.

NBCC has been making constant efforts to secure business in Overseas markets; and through this sustained efforts, NBCC is in discussion with Govt. of Maldives for the project of 2,000 Social Housing at Hulhumale, Male, Maldives (costing approx. US\$ 130 million), which is in final stages of approvals.

The recommendations of the Committee have been noted for future compliance".

12. The Committee in their original report had expressed happiness on the point that NBCC had secured and executed a number of overseas projects in different foreign countries valuing about Rs. 2000 crore. However, the Committee

had observed that most of these projects were secured on government's nomination rather than the Company's own competence and strength. The Committee had recommended NBCC to develop and enrich its core competence to provide better quality services in lesser time and competitive cost than their competitors in the international market in order to secure more overseas projects through open global tender process on its own strength and capabilities. The Ministry of Housing and Urban Affairs in their action taken reply have stated that after the amendment in GFR-2017, the projects secured on nomination basis have reduced considerably and NBCC to showcase its own strength and capabilities has completed the MGICC, Niger and Supreme Court Building, Mauritius project well ahead of the scheduled time within the stipulated cost. The Committee, however, find from the reply that NBCC in support of its contention has neither furnished any fresh list of overseas projects obtained by it through open competitive bidding nor has stated to have taken any concrete steps by its Company to enrich its core competence in order to procure international business. Besides, NBCC has also not given the status of the overseas projects that were scheduled for completion during the last one year and the status of the overseas projects that could not start for various reasons in the past. Surprisingly, it is showcasing only two projects like MGICC, Niger and Supreme Court Building, Mauritius project which were obtained through government's nomination. In the absence of any tangible overseas business, the Committee are unable to make any estimate of the capabilities of NBCC in securing overseas projects on its own merit. The Committee, therefore, once again stress upon NBCC to develop and enrich its core competence to provide better quality services in lesser time and competitive cost than their competitors in the international market in order to secure overseas projects on its own strength and capabilities to make a mark in global markets.

PHYSICAL PERFORMANCE

(Recommendation Serial No. 6)

13. With regards to the Physical Performance of the Company, the Committee, in their Fifth Report, had recommended the following to NBCC:-

"The Committee's analysis of the information submitted to them about completion of the major projects of the value of Rs.50 crore each during the last 03 years reveals that the NBCC had completed 12 such projects in 2016-17, 25 projects in 2017-18 and 24 projects during 2018-19. The Committee observe that there were 164 ongoing projects of NBCC comprising 152 PMC projects, 7 EPC projects and 5 Real Estate projects. With regard to the due dates of completion of these 164 ongoing projects, the Committee observe that 124 projects were scheduled to be completed before September 2020 and 30 projects are to be completed by November 2020, 05 projects are on hold, there is a court case in one project and 03 projects are under maintenance while in case of one project, the likely date of completion has not been indicated. The Committee hope that 154 ongoing projects which were tagged with the completion dates will be completed by NBCC as per the scheduled dates and expect that necessary steps will be taken to expedite sorting out the issues in respect of the remaining 10 projects which do not have the completion dates for various reasons. The Committee may be apprised of the actual progress made in all these projects so far and also the steps taken to resolve the issues involved".

14. The Ministry of Housing and Urban Affairs, in their Action Taken reply, have stated as follows:-

"The commitments were made in Nov'2019 and thereafter due to outbreak of Covid-19 pandemic, construction works of majority of the projects got affected and timeline have been disrupted. Extension of time has been given to all contractors due to impact of pandemic in line with Govt. of India guidelines in this regard. The progress in respect of 10 projects which were on hold for long time due to various reasons is enclosed herewith in Annexure-I".

15. The Committee in their original report had expressed their hope for timely completion of 154 projects of NBCC that were scheduled for completion before November 2020 and also for expeditious sorting out the issues in respect of 10 other ongoing projects for which completion dates were not fixed for various reasons. The Ministry of Housing and Urban Affairs in their action taken reply have stated that due to outbreak of Covid-19 pandemic, construction works of

majority of the projects got affected and timeline has been disrupted and extension of time was given to all contractors in line with Government of India guidelines. The Committee, however, find that the list of pending ongoing projects indicating the revised timeline fixed by the Government has not been furnished in the reply furnished by the Ministry. In the absence of project-wise revised timeline of completion of project, the Committee is unable to make an assessment of the progress made in the 154 projects. The Committee emphasize the Ministry to continuously monitor all the pending projects of NBCC and expedite their completion within the revised timeline. The measures taken by the Ministry to expedite the completion of the projects and the revised timeline fixed by the Government on each of the 154 ongoing project in view of the outbreak of Covid-19 pandemic may also be furnished for the information of the Committee.

(Recommendation Serial No. 7 and 30)

16. The Committee, in their Fifth Report, had recommended the following with regard to the Physical Performance of NBCC (India) Ltd.:-

"The Committee observe that NBCC had undertaken 185 projects during the period from the year 2014-19 and presently the Company has an order book of approximately Rs. 80,000 crore besides an international order book of Rs. 2,000 crore. During examination of the subject, the Committee had found that the average rate of completion of project of NBCC had been only Rs. 4000 crore per year and therefore had desired to know from NBCC the action plan for completing the huge order book of Rs. 80,000 crore in a definite time frame. The Committee was informed that execution of the works depends on the availability of incumbrance-free land, availability of funds from clients and getting statutory clearances from various government bodies. The major redevelopment projects of GPRA at New Delhi (Nauroji Nagar, Sarojini Nagar, Netaji Nagar) valuing more than Rs.30,000 crore are held up due to various petitions filed in the Hon'ble NGT and Hon'ble High Court of Delhi. Further, major projects of SDMC, New Delhi, WTC, Guwahati, DDA projects at Sanjay Lake, TrilokPuri, New Delhi, redevelopment projects of Railway Stations at various places in the country could not kick off due to various reasons. The Committee are of the opinion that cost and time overrun for whatsoever reasons do leave its impact on the credentials of the Company and therefore, sustained efforts needs to be made to sort out various issues in a definite time frame. The Committee feel that securing order is only the beginning of the race and the real test lies in successful execution of the contacts to the satisfaction of the clients in the fixed timeline. The huge order book of Rs.80,000 crore in domestic market and Rs.2,000 crore in international

market while on one side gives a great satisfaction for being able to secure such gigantic work order but on the other side it thrust upon the NBCC a greater responsibility to effectively encounter the challenges and meet the expectations of the clients by successfully executing these projects in the scheduled time. The Committee therefore strongly recommends the NBCC to come out with a structured plan of action to timely deal with the complexities of the various issues involved including expediting the disposal of the pending court cases so that the projects could start early and completed within the allocated time-frame".

17. The Ministry of Housing and Urban Affairs, in their Action Taken reply, have stated as follows:-

"Timely execution of projects is prime focus area of the company as on date. There are various complexities which are unique to each project which is being handled by structured action plan.

Re-organizing the major areas of execution is done at CMD/Directors level. System improvements in operations are being reviewed periodically by a committee formed for the purpose. The standardization of brands/ makes for various materials and incorporation of advanced/new materials & faster construction technologies are also under implementation. The company is also executing major projects on EPC mode to avoid time & cost over runs.

There are numerous mandatory statutory approvals like building layout approval, tree cutting permission, AAI approval, permission from transportation department etc. before initiation of a project.

Time and efforts required for departmental clearance is an issue which results in overall delay in starting of project on ground. It is suggested that single-window clearance for the entire process may be developed at appropriate level for simplification and ease of doing business. This integrated approach under one roof will avoid unnecessary delays in starting project and will also help in managing the cost of construction".

18. The Committee, in Para 30 of their Fifth Report, had also recommended the following with regard to the Physical Performance of NBCC (India) Ltd.:-

"The Committee observe that under the redevelopment projects especially the 7 GPRA colonies, AIIMS, etc., the NBCC is facing difficulties in getting timely clearances and statutory approvals related to environmental, tree cutting, NGT, etc. and as a result, these projects are getting unduly delayed. The Committee therefore recommends the Government for opening up of a grievance cell or a single window system at the Central level to address the challenges/problems that may occur while obtaining the statutory clearances /approvals".

19. The NBCC in their Action Taken reply, have stated that the Observation/Recommendation pertains to the Government.

20. The Committee in their original report had expressed apprehension over the timely completion of the projects considering the fact that NBCC had a huge order book of approximately Rs. 80,000 crore besides an international order book of Rs. 2000 crore while its average rate of completion of projects was only Rs. 4000 crore per year. The Committee had therefore recommended NBCC to come out with a structured plan of action to time deal with the complexities of various issues involved including expediting the disposal of pending court cases so that projects could start early and are completed withing the time-frame. The Ministry of Housing and Urban Affairs in their reply while apprising the Committee of various problems faced by it including mandatory statutory approvals had suggested opening of a single-window clearance system under one roof for avoiding unnecessary delays in starting of projects and helping in managing cost of construction. Surprisingly, in reply to another recommendation of the Committee as given in Para 30 of the Original report for opening up a single window system at the Central level to address the challenges/ problems occuring in obtaining statutory clearances/ approvals, it is observed that the Ministry instead of taking any concrete action has casually stated that the recommendation of the Committee pertains to the Government. The Committee express their serious concern over such callous approach of the Ministry in addressing such an important issue dealing with avoidable hassles in obtaining mandatory statutory clearances and approvals that could be effectively addressed through a single window system. The Committee, therefore, once again strongly emphasize the Ministry of Housing and Urban Affairs for opening of the single window system at the Central level to expedite addressing the issue of undue delays/ hassles in obtaining various statutory clearances/ approvals in projects.

INCREASING GLOBAL PRESENCE

(Recommendation Serial No. 15 and 16)

21. With regard to increasing global presence, the Committee in their original Report had commented as below;

"The Committee observe that NBCC faces several challenges in global market. As per NBCC, one of the major challenges that it faces is the huge shortage of Indian Skilled technicians in the construction sector and most of younger generations not showing much interest in working overseas construction projects. The other major challenge stated to be faced by NBCC is that in many countries, the Company doesn't have physical presence due to which there is difficulty in gathering the data, local conditions, logistics etc. NBCC is making efforts to join hands with Indian PSUs for the purpose which is certainly a good option in the opinion of the Committee. The contention of NBCC about the huge shortage of Indian skilled technicians and younger generation not willing to work overseas does not seem plausible in the wake of such a high demand for employment in the domestic and international job markets. The young generation is known for the dream it nourishes to work abroad. The Committee therefore recommend that for fetching better talents in adequate number for their overseas projects, NBCC need to publicise the job opportunities in these projects through electronic and print media all over the country in all major languages and if considered necessary, the deployment in international projects should be incentivized with country specific exclusive compensation packages to the employees".

22. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"The recommendations of the Committee have been noted; in case of expert & talented people, the customized country specific recruitment will be made with adequate publicizing on local, international and social media platforms. To attract better talent, country specific compensation package will be offered with help of local Indian Embassies".

23. The Committee in their original Report had also commented as follows;

"The Committee note that in line with the Central Government's initiative towards Skill India Mission, NBCC has given certificates to 1400 construction workers who have been equipped with a new set of skills in tune with changing face of the country's construction sector. On completion of the Recognition to Prior Learning programme under Pradhan Mantri Kaushal Vikas Yojna (PMKVY) in collaboration with CSDCI and CII, the certificates are awarded by officials of NBCC, CSDCI and CII. The Committee while appreciating the initiative taken by NBCC in equipping many people with new set of skills in the construction sector and awarding certificates would like to know as to how many of these trained people

have been gainfully employed in the construction sector in domestic and overseas projects. The Committee feels that such skill development programmes should be synchronized in such a way that the trained personnel are able to secure gainful employment immediately after their training course is completed".

24. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"The employability of all these 2700 workers at the project sites has gone up with the certification of their skill sets through the skill India program. Based on the level of their certification (level -1, Level – 2) they are being considered for higher level jobs (from semi-skilled to skilled and from skilled to highly skilled) in the same project sites or at other project sites. Since they are now having a certificate issued by the Government of India, their acceptability in overseas market has also gone up".

25. **In order to tackle the challenges of huge shortage of Indian Skilled technicians in NBCC's overseas construction projects, the Committee had recommended for publicizing of job opportunities through electronic & print media all over the country in all major languages and if necessary, the incentivisation of deployment in international projects with country specific exclusive compensation packages to the employees. Further, the Committee had stressed upon skill development initiatives and had desired synchronization of development programmes in such a way that the trained personnel under PMKVY are able to secure gainful employment immediately after their training course is completed. The Ministry of Housing and Urban Affairs in their action taken reply have stated that the recommendations of the Committee have been noted and specific steps would be taken to attract better talent including offering of specific compensation package with the help of local Indian Embassies. The Ministry has further stated that the employability of workers at project sites overseas has gone up with certification of their skills through the skill India program and based on their level of certification, workers are being considered for higher level jobs overseas. The Committee, however, find the replies of the Ministry too general in nature as results have not been quantified. Further, no figures have been indicated to indicate how many of the workers trained under PMKVY actually**

secured jobs in NBCC project overseas. The intent of the Committee's recommendation was to fill the huge gap between demand and supply in NBCC's overseas projects which was suffering due to lack of skilled workers. The Committee have their apprehension that unless workers trained under PMKVY and awarded with certificates from NBCC, CSDCI and CII are not provided jobs on priority in NBCC's overseas project, the skill development initiatives undertaken by NBCC will not yield fruitful results in future.

NBCC'S ROLE AS LAND MANAGEMENT AGENCY

(Recommendation Serial No. 24 and 25)

26. The Committee, in their Fifth Report, had recommended the following with regard to NBCC's role as Land Management Agency.:-

"The Committee note that NBCC has been designated by the Government of India as Land Management Agency (LMA) vide the Department of Public Enterprises (DPE) OM dated 7 September 2016 for disposal of movable and immovable assets of sick/loss making CPSUs. The DPE vide its OM dated 14 June 2018 issued guidelines for time bound closure of sick/loss making CPSUs and disposal of their movable and immovable assets wherein NBCC and EPIL were suggested as LMA. As per these guidelines, LMA is to be nominated by the Administrative Ministry/Department/Board of the CPSUs concerned to manage, maintain and assist in disposal of their assets. The main role of NBCC as LMA would be to (i) identify, manage, maintain and, if required, engage security agency for the watch and ward of the assets on contract basis for the CPSUs against payment. (ii) to validate the information provided by CPSUs regarding the land/immovable assets, (iii) examination of current land use, FAR and the land use as per the local laws applicable in that area (iv) valuation of land on the basis of applicable circle rates, (v) work out the reserve price of land (vi) assess the use of land for affordable housing and shall ascertain from the MoHUA about any such requirement of land for affordable housing so that such land can be transferred as per guidelines of MoHUA, (vii) disposing off the land after assessing the requirement of land for affordable housing by MoHUA, (viii) to submit its recommendations about the further course of action regarding properties which could not be disposed during the bidding. NBCC informed that it had written letters to 75 loss making CPSUs which were under closure on the basis of information gathered from various sources including websites. However, 24 CPSUs denied and 8 CPSUs were considering appointing NBCC as LMA. As per the information furnished to the Committee, NBCC was appointed LMA by 14 CPSUs and has disposed off 19 land parcels of 6 CPSUs measuring about 486 acres at a value of about 870 crores. NBCC further informed that as per the DPE guidelines, LMA is entitled to land management fee which would be 0.5% of the

value realized from disposal of assets subject to a maximum Rs. 1 Crore. The Committee however note that till date NBCC has received just Rs.2.06 crore as LMA including advance which constitutes only 0.23% of the value of assets disposed. The Committee construes from the replies furnished by NBCC and MoHUA that the task to act as LMA was imposed upon NBCC by the Government but simultaneously it was not made mandatory on the part of the loss making CPSUs to appoint NBCC as their Land Management Agency. Further, it is not clear whether NBCC was consulted before being designated as LMA for the loss making CPSUs. It is also not clear as to why NBCC is not designated as LMA by the Government for disposal of excess/unused land of profit making CPSUs. The Committee would like clarification on these issues".

27. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"In the DPE guidelines dated 14.06.2018 para 2 (iv) NBCC and EPIL has been suggested as LMA by DPE vide its guidelines dated 14.06.2018 and LMA shall be nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to manage, maintain and assist in disposal of land.

The question regarding appointment of NBCC as LMA for loss making CPSEs or disposal of excess/unused land of profit making CPSEs pertains to Government of India. Further, NBCC is ready to take up all such project including monetization of assets, for Government bodies and CPSEs".

28. The Committee, in Para 25 of their Fifth Report, had also recommended the following with regard to NBCC's role as Land Management Agency.:-

"The Committee further observe that NBCC after undertaking so many functions as LMA for so many years could earn only Rs.2.06 Crore so far which is not even 0.05% of the entitled value of the land disposed off which it was supposed to get as per the DPE guidelines. In carrying out its functions as LMA, NBCC might have incurred some expenditure too on engagement of its manpower, logistics, coordination work, etc. Taking all these factors in view, the Committee is also apprehensive if the 0.23% that NBCC received as LMA or the 0.5% land management fee as fixed by the Government is comparable to similar functions of LMA in the private sector. The Committee would like to be informed on these issues to assess the net gains of NBCC while performing as LMA. The Committee may also be apprised about the status of disposal of movable and immovable assets of the remaining 8 loss making CPSUs that have appointed NBCC as LMA".

29. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"NBCC has received LMA fee of Rs. 2.50 Cr. as on 19.07.2021. Status of disposal of immovable assets of the remaining 8 loss making CPSUs that have appointed NBCC as LMA is at **Annexure - II**. Responsibility of disposal of movable assets of CPSEs has not been assigned to NBCC".

30. The Committee in their original report had expressed apprehension on NBCC being imposed the task of Land Management Agency (LMA) to manage, maintain and assist in disposal of land assets of loss making CPSUs; and sought clarification on (i) whether NBCC was consulted before being appointed as the Land Management Agency (LMA) for loss making CPSUs? And, (ii) why NBCC was not designated as LMA for disposal of excess/ unused land of profit making CPSUs? The Committee had also expressed their apprehension on NBCC entitled to 0.5% of the value realized from disposal of assets as LMA fee subject to a capping of Rs. 1 crore that resulted in NBCC earning only Rs. 2.06 crore as LMA fee from 6 CPSUs which was just 0.23% of the entitled value of land disposed off by NBCC. The Committee had sharply reacted to such action of the Government as NBCC had to engage its manpower, logistics, financial resources and coordination efforts to discharge its function as LMA and fixing LMA of 0.5% subject to capping of Rs. 1 crore was not comparable to similar functions in the private sector. The Committee find from the replies of the Ministry that the Government is silent on the clarifications sought by the Committee on which a categorical response was expected from the Government. The Committee understand that if CPSUs need to function on commercial lines, imposing tasks on CPSUs without proper analysis of the resources that would be consumed and imposing limits on anticipated gains that are not comparable to their counterparts in the private sector will only put further strain on the resources of the CPSUs. The Committee desire a categorical reply on the apprehensions and clarifications sought by it and also desire to be informed of the total LMA fee received from all the 14 loss making CPSUs that had appointed NBCC as their Land Management Agency.

PAYMENTS TO CONTRACTORS

(Recommendation Serial No. 26)

31. The Committee, in their Fifth Report, had recommended the following with regard to Third Party Payments as under.:-

"The Committee observe that NBCC has adopted several measures in its tendering process to ensure transparency, accountability and timely payments to its contractors and third parties. As informed to the Committee, all works above 25 lakh are being invited through e-tendering system in the NBCC and all tenders for works valuing Rs.50 Crore and above are invited on EPC mode. Tender documents are prepared by Tender Formation Committee (TFC) at the zonal level and after approval by the concerned Regional Business Group (RBG) / Strategic Business Group Head is sent to CPG for inviting tender. Independent responsibilities of TFC at the zonal level and Tender Scrutiny Committee (TSC) at HO level have been defined in the Works Manual. Integrity Pact has been adopted in the Company. Independent External Monitors (IEMs) have been appointed in consultation with CVC who closely monitors the tendering processes and review the tenders periodically and deals with all complaints and corruption issues. Similarly, mechanism has been put in place for release of payment to contractors and third parties. As per the General Conditions of Contract (GCC) of NBCC, the contractor shall become entitled to payment only after NBCC has received the corresponding payment(s) from the client/owner for the work done by the contractor. On a query regarding delay in payments to third parties/contractors, the Ministry in their written replies informed that the major reasons for non-payment or delay in payment is due to non-realization of dues from clients, non-submission of documents such as insurance policy, challans, non-fulfillment of taxation requirements such as non-deposition of GST returns, etc. To further smoothen the payments to contractors in current scenario, regular letters are being written to clients along with physical follow-up by NBCC officials for realization of dues from clients by setting down the observations raised by them and the results for the same have started to come. The Committee was also informed that a grievance portal has been developed for contractors and consultants where they can login directly and register their complaints. The Committee are however shocked to note that despite all mechanisms put in place, as on 9 March 2020, the payment of an amount of Rs.1184 Crores are pending to be paid to the Contractors. The Committee feels that this is a huge liability on the Company. The Committee is apprehensive as to how NBCC would be able to clear the dues/payments to the contractors especially when the net profit of the Company as per the audited results of 2019-20 is now only Rs.79.86 crores. Nevertheless, the payments have to be made to the contractors for the work done once it is established that they have fulfilling all their contractual liabilities. The Committee would therefore recommend that NBCC, in this scenario, should work out a time bound plan to settle these payments so that this huge liability on the part of NBCC is cleared at the earliest".

32. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"Major outstanding liabilities to contractors are in those projects where client has not released the corresponding payment. It is to mention that clients like ESIC, Government of Haryana for Medical College Mewat, NTPC etc. are not releasing outstanding dues payment against the work done by NBCC. In this regard, efforts made by NBCC to realize these major outstanding payments and resolve the issues.

Even after taking up the matter at the highest level with the client, some issues are lingering on due to which level has been raised and matter taken up through MoHUA and also at the level of Hon'ble Minister. Though Arbitrator appointed by PMA has given award in favour of NBCC against NTPC in 3 cases of dispute in Barh, Farakka & Mouda. NTPC is still delaying payment and violating the basic principles of Arbitration which has been taken up by Secretary, MoHUA with Secretary (Power).

As per our General condition of contract Clause No. 23.2 "contractor shall become entitled to payment only after NBCC has received the corresponding payment(s) from the client/Owner for the work done by the contractor". Accordingly, once the payment will be received from the Clients, the same shall be released to the contractors".

33. The Committee had observed that NBCC's profit during 2019-20 was only Rs. 79.86 crore while an amount of Rs. 1184 crore outstanding on the part of NBCC is to be paid to contractors. The Committee in their original report while expressing their concern had recommended to work out a time bound plan to settle these payments so that this huge liability on the part of NBCC could be cleared at the earliest. The Ministry of Housing and Urban Affairs in their action taken reply have stated that the outstanding liabilities to contractors are in those projects where client has not released the corresponding payment. Some of the clients who had defaulted payments were ESIC and NTPC. The Ministry also informed that the matter related to outstanding payments by NTPC was taken up with Permanent Machinery of Arbitration(PMA) and although the Arbitrator appointed by the PMA had given award in favour of NBCC against NTPC in 3 cases, NTPC was delaying payment in violation of the basic principles of Arbitration. The Committee do not understand how NTPC could refuse to make

the payments especially when the matter was resolved in PMA and the Arbitrator has asked NTPC to make the payments to NBCC. The Committee express their apprehension whether the award and decision in the PMA are binding on the concerned CPSUs and Ministries/Departments. If so, NTPC should have made the payments of CPSUs unless it had made an appeal. The Committee desire NBCC to take up the matter at the highest level to realize all its outstanding payments. The Committee also desire to be informed about the total outstanding payments of NBCC to contractors as on 31st January 2022 and the steps taken by the Ministry to settle those payments.

CORPORATE SOCIAL RESPONSIBILITY

(Recommendation Serial No. 34)

34. The Committee, in their Fifth Report, had recommended the following with regard to Assets created under Corporate Social Responsibility activities:-

"The Committee observe that NBCC has volunteered to associate itself with Swachh Bharat Abhiyan and constructed community and public toilets at 30 locations of Municipal Corporations of Delhi (NDMC, EDMC and SDMC) and 100 nos. of Bio toilets at Schools for Girls students in the States of Uttar Pradesh, Rajasthan, West Bengal, Tripura, Assam and Uttrakhand. As informed to the Committee, the NBCC works with communities near its operations to implement a range of programs that positively impact in their lives and contribute in areas such as health, education, nutrition, empowerment, infrastructure development and local employment. During 2018-19, the major achievements of NBCC under CSR activities had been (i) Conservation, Restoration and Development of Purana Qila (ii) Sahara Hostel for War Windows of the Indian Navy at VasantKunj, New Delhi (iii) Construction of Saink Rest House (SRH) at Betul, Madhya Pradesh (iv) Education scholarship for tribal girl students at Kalinga Institute of Social Sciences, Bhubaneswar (v) Allocation of CSR Funds for 'Swachh Bharat Kosh' set up by the Central Government of India (vi) Construction of Gramalayas including Sewerage & Sanitation facilities at village Harchandpur, Haryana (vii) Construction of CC Road and U Drain from Shankar Nagar Crossing to Ganeshpur Police Station, Basti, Uttar Pradesh. The Committee observe that the projects of NBCC are spread all over the country and therefore after taking into account the nature of the operations of the Company and its impact on the inhabitants in the surrounding areas, the Committee desire that the NBCC should proactively take up CSR projects for the benefit of the people and their families living in nearby areas of the operational projects of the Company. The Committee further recommend that the NBCC

should not only spend CSR funds to fulfill the minimum obligations as laid down in the Companies Act, 2013 for CSR activities but also should take up more and more CSR activities on their own keeping in view the requirements of the communities/families living near by the construction sites especially the poor and from the marginalized sections of the society. The Committee also desire that the maintenance of the physical assets like community and public toilets constructed in the MCD area and also in the schools must be maintained properly to ensure that these are in usable condition for time to time. The Committee would therefore like the NBCC to apprise them of the measures taken for maintenance of the toilets constructed by them under Swachh Bharat Abhiyan".

35. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as follows:-

"Any asset created by CSR Project / Activity is handed over to the concerned Govt. Authority for its use and upkeep.

NBCC has time and again taken up the matter with MCD regarding the maintenance of the toilets constructed under Swachh Bharat Abhiyan but no efforts have been taken by MCD to maintain the public toilets to be in usable condition".

36. The Committee in their original report had desired that the maintenance of the physical assets like community and public toilets constructed in the MCD area and also in the schools must be maintained properly to ensure that these are in usable condition. The Committee had desired to be appraised of the measures taken up by NBCC for maintenance of toilets constructed by them under Swachh Bharat Abhiyan. The Ministry of Housing and Urban Affairs in their action taken reply have stated that any asset constructed under CSR project/ activity is handed over to the concerned government authority for its use and upkeep. However, despite NBCC taking up the matter with MCD for maintenance of toilets constructed under Swachh Bharat Abhiyan, no efforts have been taken up by MCD to maintain the public toilets to be in usable condition. The Committee observe that such irresponsible attitude on the part of any agency towards non-maintenance of public assets is a drain on public money and is against the objectives under which CSR activities are undertaken for the public. The Committee desire NBCC to explore the option of maintaining of such assets on

their own funding or maintenance charges for certain period for upkeep of toilets constructed under Swachh Bharat Abhiyan so that their efforts on construction of toilets does not become a wasteful exercise and expenditure.

EXPEDITING THE SETTLEMENT OF PENDING C&AG AUDIT PARAS

(Recommendation Serial No. 36.1 & 36.2)

37. The Committee, in their Fifth Report of 17 Lok Sabha had recommended the following with regard to expediting settlement of pending C&AG Audit Paras:-

(i) "The Committee observe that as informed by NBCC till 2017, C&AG audit team was directly conducting transaction audit of Regional Business Groups (RBGs)/Strategic Business Groups (SBGs) and Inspection Report was sent to the respective RBGs/SBGs with a copy to CMD/Director (Finance) of NBCC. The replies to the Inspection reports were directly submitted by the respective RBG/SBG office to the C&AG team for settlement. After August 2017, new modalities were introduced whereby the Internal Audit Division (IAD) at Head Office will coordinate with the transaction audit of NBCC. IAD will coordinate with RBGs/SBGs/Divisions at Head Office for onwards submission of replies to outstanding transaction audit paras to C&AG office. Accordingly, reconciliation of old outstanding paras was done with CAG office by IAD. Total outstanding paras in NBCC as on 1st April 2019 were 296. Out of this 143 were settled/transferred by CAG during ACM in April 2019. So there was a balance of 153 audit paras and 17 audit paras were added for transaction audit during 2017-18 taking the total number of outstanding paras to 170 as on 31st August, 2019. The Committee noted that out of the 170 pending audit paras, 23 paras relate to excess payment/under or delayed recovery from contractor, 20 paras relate to discrepancies in tendering procedures, 19 paras relate to delay in execution of work and 11 paras relate to non-levying/short imposition of LD on contractor while 39 are miscellaneous issues. As per the latest written response furnished to the Committee by NBCC, they have furnished replies to 140 audit paras to C&AG office and remaining 30 paras are being pursued with the concerned Departments/RBGs/SBGs".

(ii) "During the course of evidence, it was admitted that currently there were about 170 audit pending paras and NBCC expected to settle another 100 paras in the one-to-one meeting scheduled with C&AG in the last week of March or the first week of April 2020. The Committee note that even before the new modalities were introduced after 2017, the number of pending audit paras were 296 which considerably huge. In the opinion of the Committee, the number of audit paras reflects the number of violations/non-compliance of rules and procedures by the Company. So more number of audit paras are not a healthy sign. The Committee therefore recommends that NBCC should vigorously

pursue these pending audit paras with the concerned Departments/RBGs/SBGs and get them settled with the C&AG at the earliest".

38. The Ministry of Housing and Urban Affairs in their Action Taken Reply, on the above Recommendation has stated as below:-

"The matter for settlement of outstanding CAG IR paras was rigorously taken up with CAG, MAB-Infrastructure office by NBCC Internal Audit Division. Despite Covid-19 lockdown during April-May,2020 Principal Director, MAB- Infrastructure, CAG agreed to review the replies and accordingly discussions were held on the outstanding paras and replies through VC/Tele-conferencing and 111 nos. paras were settled by CAG office (including 17 nos. of paras transferred to NBCC for settlement through Management).

Subsequently in September, 2020 on request of NBCC, Audit Committee of CAG was also convened whereby total 43 nos. of paras were settled by CAG office (including 27.5 nos. transferred to NBCC for settlement through Management).

Thus, out of 170 nos. of outstanding paras total 156 nos. of paras were removed from CAG records and only 14 nos. of paras from the list of old paras are left outstanding.

Meanwhile, during the course of audit for FY 2019-20 &2020-21, 73 no. of CAG IR paras have been issued by CAG team.

As on date, 85 no. of IR paras (including 10 old paras) are outstanding with CAG out of which replies to 28 paras have been submitted to CAG office and rigorous follow up is being done with RBG/SBGs offices for submission of replies for balance paras.

Further, it is pertinent to inform here that in last 2 years, 301 nos. of Paras have been settled through CAG office".

39. The Committee are pleased to note that NBCC has taken up the matter of pending audit paras with C&AG and have got a large number of Audit Paras settled expeditiously. The Committee are informed that as on date, 81 Nos. of IR Paras including 71 Paras issued by C&AG team during the course of Audit for financial years 2019-20 and 2020-21 are pending. The Committee hope that these paras will also be settled expeditiously with regular follow-up with C&AG.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

NBCC-Overview

Recommendation (SI. No. 1)

The Committee note that NBCC (India) Limited was founded in the year 1960. It is a 'Navratna' Central Public Sector Undertaking (CPSU) functioning under the administrative control of the Ministry of Housing & Urban Affairs (MoHUA). The NBCC is listed with the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is operating across three major domains viz. (i) Project Management Consultancy (PMC) (ii) Engineering Procurement & Construction (EPC) and Real Estate Development (RED). Presently, it has four operating subsidiaries viz. NBCC Services Limited, Hindustan Steelworks Construction Limited (HSCL), HSCC (India) Limited and NBCC DWC LLC. The Company has also three operating Joint Ventures viz. NBCC MHG, NBCC-AB and Real Estate Development and Construction Corporation of Rajasthan Limited (REDCCR). The Committee observe that NBCC's business in PMC segment consists of a wide range of management and consultancy services in two areas namely (a) Civil Construction Projects and (b) Infrastructure Projects). The Civil Construction Projects includes Residential and Commercial Complexes, Re-development of Colonies, Hospitals, Educational Institutions, Infrastructure Works for Security Personnel and border. The Infrastructure Projects includes Roads, Water Supply Systems, Storm Water Drainage Systems, Water Storage Solutions, Solid waste Management Schemes. This segment includes re-development projects on a self-financing model also. NBCC's PMC services entail implementation of the projects from concept to commissioning, ensuring competitiveness on the basic guidelines of cost, quality and time. PMC services also offer maintenance of projects. The Engineering Procurement and Construction (EPC) segment encapsulates detailed design engineering, procurement and expeditious execution of projects. The NBCC's EPC business has been in infrastructure segment, executing a diverse range of projects like chimneys, cooling towers, coal handling plants, roads, metro elevated tracks, TV towers, airports, runways etc. The EPC services include project conceptualization, feasibility studies, detailed project reports, engineering, tender specifications and various packages covering basic and detailed engineering, review of projects, procurement, construction drawings, commissioning and testing and handing over of project to clients in ready-to-use and in functional condition. The NBCC entered the Real Estate Development (RED) segment in 1988 and has executed several commercial and residential projects. The growth in Indian economy has driven demand for real estate across all categories particularly housing and commercial segments. The development and management of real estate sector has emerged as a critical and crucial part of the larger Indian construction business space. The Committee expects that NBCC will make sustained efforts not only

to secure large number of commercial and residential projects in domestic as well as global markets but also set an exemplary global standard in construction, execution and delivery of these projects in terms of cost incurred, quality maintained and time spent.

Recommendation (Sl. No. 2)

2. The Committee also observe that NBCC has started its global operation since the year 1997. The Company has executed diverse and complex projects in countries like Libya, Iraq, Yemen, Nepal, Maldives, Mauritius, Dubai, Seychelles etc. where it is implementing various projects. The NBCC has secured projects in several African countries like Niger, Uganda, Malawi, Zambia, Liberia, Gambia, Burkina Faso, Togo and Gabon. The total value of these projects is approximately Rs.2,000crore. NBCC had received an in-principle approval from the Department of Commerce, Ministry of Commerce and Industry, Government of India for conceptualizing, designing and construction of "India Pavilion" at the World Expo 2020 to be held in Dubai from October 2020 to April 2021. The Committee are happy to note that since 2004, the Company has been receiving 'Excellent' rating by the Department of Public Enterprises and has been certified with the status of 'Great Place to Work' by the renowned Great Place-to-Work Institute. In the present report, the Committee have touched upon many important issues and have given their observations/ recommendations and hope that these will be implemented in right perspective by the NBCC so as to improve the functioning and performance of the Company. The Committee hopes that NBCC will establish itself globally as a leading brand name in the construction sector and will also continue to work for the betterment of the society and the public at large with special focus on the poor families.

Reply of the Government to Recommendations Serial No. 1 and 2

NBCC has secured various projects in domestic as well as overseas market amounting to approx. Rs. 12,800 crore in FY 2019-20.

NBCC is also very proud to share its successful overseas journey and representing Govt. of India in many countries as Project Management Consultants. NBCC ventured into Overseas Operations in the year 1977, executing commercial projects, residential projects and other diverse nature in countries like Libya, Iraq, Yemen, Nepal, Maldives, Mauritius, Turkey, and Botswana. Due to NBCC's sustained efforts, presently, the Company has its presence in Mauritius, Maldives and Dubai. Besides above projects, a project of 2,000 Social Housing at Hulhumale, Male, Maldives (costing approx. US\$ 130 million) is in final stages of approvals.

NBCC has gone extra mile in setting global standards in construction, execution and delivery in all of our projects in terms of cost incurred, quality maintained and time spent. Dubai World Expo building & Supreme Court building in Mauritius are some of the examples. NBCC will definitely strive to establish itself globally as a leading brand

name in the construction sector and will also continue to work for the betterment of the society and the public at large with special focus on the economically weaker sections of the society.

Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 4)

3. The Committee further notes that one of the nominee Government Directors of NBCC was holding Directorship in five other Companies which is in sharp contrast of the norms and guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE). The DPE guidelines dated 19 September 1984 clearly provides that an officer should not have too many directorships on the Boards of Public Enterprises so that he can do adequate justice to his role as a Government Director and also that the directorships held by each Joint Secretary could be kept down by having Directors/Deputy Secretaries on the Boards of smaller enterprises. The aforesaid guidelines issued by the DPE is in line with the observation of the Committee that nominee Director of a Company should not be holding directorship of too many other Companies. The Committee has not been provided with any plausible explanation as to why one Officer of the government should hold Directorship in so many public undertakings at a time. The Committee therefore strongly recommends that the Ministry needs to immediately review such appointments and ensure that the appointment of officials of the Ministries as Directors in the CPSUs is strictly in accordance with the DPE guidelines. The Committee further recommend that the Department of Public Enterprises (DPE) should also develop a system for (i) collecting information on regular intervals say in each six months from all Ministries/Departments about the appointments of Government Directors made by them in the CPSUs under their administrative control and; (ii) taking timely corrective action for rectification of aberrations noticed in this regard.

Reply of the Government

NBCC (India) Limited being a Government owned enterprise, the power to appoint functional/ Official, Part-time Directors/ non-Official Part-time Directors (Independent Directors) vests with the Government of India. The appointments of Government Nominee Directors are made by the Administrative Ministry i.e. Ministry of Housing and Urban Affairs.

Further, pursuance to the provisions of section 165 of the Companies Act, 2013, "No person, after the commencement of this Act, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time."

Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

As per the regulation 17 of SEBI (LODR) Regulations, 2015, "A person shall not be a Director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020."

Accordingly, in consideration of above provisions, none of the Directors of NBCC including Govt. Nominee Directors, hold directorship in more than the prescribed statutory limit.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Physical Performance

Recommendation (SI. No. 5)

4. The Committee observe that NBCC's core activities comprises three distinct verticals viz. (i) Project Management Consultancy (PMC), (ii) Engineering Procurement and Construction (EPC), and ; (iii) Real Estate Development (RED), NBCCs PMC business consists of a wide range of management and consultancy services in civil construction projects and infrastructure projects. The Engineering, Procurement and Construction (EPC) business involves project conceptualization, feasibility studies, detailed project reports, design engineering, procurement and expeditious execution of projects. The NBCC entered the real estate segment in 1988 and has executed several commercial and residential projects. The NBCC has also started its global operations since 1997 and the Company has executed diverse and complex projects in countries like Libya, Iraq, Yemen, Nepal, Maldives, Mauritius, Turkey and Botswana. Presently, the Company has its presence in Maldives, Mauritius, Republic of Niger, Dubai and Seychelles where it is implementing various projects. The Committee further observe that the NBCC have secured overseas projects in the several African countries namely Gambia, Liberia, Malawi, Gabon, Togo, Burkina Faso and Zambia but these projects are yet to start. The total value of these projects is approximately Rs. 2,000 crore. The Committee are glad to note that NBCC has completed 24 overseas projects in different foreign countries during the period from 1994 to 2016. The Committee's analysis of the overseas projects of NBCC since 2017 in Mauritius, Dubai, Niger, Seychelles, Gambia, Liberia, Malawi, Gabon, Togo, Burkina Faso and Zambia have been awarded to the NBCC through nomination from the Governments. The committee observe that NBCC itself has admitted that they are facing the challenges in the global market like regulatory variations, logistic challenges, need of strong financial and technical credentials as well as certified professionals, requirement of experience in international working system, shortage of skilled workforce etc. The NBCC, as informed to the Committee, is targeting African countries, Middle-East countries, CIS countries, Indian Ocean countries and SAARC countries to achieve its future

objectives in international markets. The Committee feel that in the present age of sharp competition among rival players for securing orders, the business will sustain only on the basis of better execution at competitive price and therefore, the Committee strongly recommend that NBCC has to develop and enrich their core competence to provide better quality services in lesser time and competitive cost than their competitors in the international market so that the NBCC could be able to secure the overseas projects with their own strength and capabilities by participating in the global tender process rather than being dependent on the government nomination for these international projects.

Reply of the Government

After Amendment in GFR-2017, the projects secured on nomination basis have reduced considerably and NBCC is participating in the bids invited by Ministries /Departments /Institutions amongst CPSE/PSU.

Further to showcase company's own strength and capabilities, NBCC's recent overseas project namely – MGICC, Niger and Supreme Court Building, Mauritius has been completed well ahead before the schedule time and with-in stipulated cost.

This has provided an edge and excellent credentials for exploring further business opportunities in overseas market.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 12 of Chapter I of the Report)

Recommendation (Sl. No. 6)

5. The Committee's analysis of the information submitted to them about completion of the major projects of the value of Rs.50 crore each during the last 03 years reveals that the NBCC had completed 12 such projects in 2016-17, 25 projects in 2017-18 and 24 projects during 2018-19. The Committee observe that there were 164 ongoing projects of NBCC comprising 152 PMC projects, 7 EPC projects and 5 Real Estate Projects. With regard to the due dates of completion of these 164 ongoing projects, the Committee observe that 124 projects were scheduled to be completed before September 2020 and 30 projects are to be completed by November' 2020, 05 projects are on hold, there is a court case in one project and 03 projects are under maintenance while in case of one project, the likely date of completion has not been indicated. The Committee hope that 154 ongoing projects which were tagged with the completion dates will be completed by NBCC as per the

scheduled dates and expects that necessary steps will be taken to expedite sorting out the issues in respect of the remaining 10 projects which do not have the completion dates for various reasons. The Committee may be apprised of the actual progress made in all these projects so far and also the steps taken to resolve the issues involved.

Reply of the Government

The commitments were made in Nov'2019 and thereafter due to outbreak of Covid-19 pandemic, construction works of majority of the projects got affected and timeline have been disrupted. Extension of time has been given to all contractors due to impact of pandemic in line with Govt. of India guidelines in this regard. The progress in respect of 10 projects which were on hold for long time due to various reasons is enclosed herewith in **Annexure-I**.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 15 of Chapter I of the Report)

Financial Performance

Recommendation (Sl. No. 8)

6. The Committee observe that the authorized capital of the NBCC which was Rs.120 crore in the year 2014-15 has been increased to Rs.200 crore in the year 2018-19. The NBCC is listed with the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and it has consistently paid dividends to the shareholders during the last so many years. It is also observed that out of the profit before tax (PBT) of Rs.558.46 crore earned in the year 2018-19, NBCC paid Rs. 191.53 crore as Income Tax to the Government. The Company had also an operating margin of Rs.561.70 crore with the net fixed asset of Rs. 72 crore and net worth of Rs.1564.81 crore in the year 2018-19. Further, the Company had reserves and surplus of Rs.1384.81 crore in the year 2018-19. The Committee's analysis of the financial position of the Company reveals that the Company is maintaining good financial health and maintaining its profitability consistently. The Committee however observes that the real sector is going through a phase of slow down and its impact will be felt in the business operations of NBCC also. Admittedly, NBCC is not able to launch new projects on the acquired land parcels as these are not feasible and profitable to start new projects due to slow down in the real estate market as large value of household inventories is pending with NBCC. The Committee however observe that the NBCC should take this as an opportunity based on their long established credentials and reputation in the market as admittedly

they have been able to deliver the projects at the time when most of the developers had failed to timely complete the projects and therefore NBCC should take all necessary steps to grab more and more projects taking advantage of the present scenario and execute them with all seriousness for timely delivery to the clients.

Reply of the Government

Considering the subdued sentiments prevailing in Real Estate, NBCC has taken a conscious & informed decision of not taking up real estate projects on its land parcels just to improve its top line. However, considering the factual position and feasibility decision has been taken to develop selective land parcels which have potential and the inventory when developed on these land parcels can be disposed off in market with reasonable profit/ returns on investment and that too with relative ease.

Residential Project at Patna (Phase-II) is being started, considering the response & sale price of Phase-I inventory and another residential project for development has been identified on land parcel purchased from Air India at Coimbatore. In addition to above, monetization plan is being worked out for land parcels at Govindpuram, Ghaziabad, Noida, Jaipur, and Alwar.

As regards, purchasing of new land parcels this aspect is put on hold considering the present commitments and unsold inventory. Once the liquidity position of Real Estate Vertical improves, decision shall be taken to go in for enhancing the land bank after evaluating all available options.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 9)

7. The Committee observe that nearly 95% of the turnover of the NBCC is coming from the Project Management Consultancy (PMC) segment. It is observed that the turnover of NBCC in PMC segment had been steadily increasing till 2016-17 and thereafter it declined to Rs.5339.32 crore in 2017-18 and picked up again to Rs.6331.61 crore in 2018-19 but it declined again by about 24% to Rs.4807.21 crore in 2019-20. However, Profit Before Tax (PBT) which was Rs.581.17 crore against the turnover of Rs.5339.32 crore in 2017-18 declined by almost Rs.200 crore to the level of Rs.383.75 crore in 2018-19 when the turnover increased by almost Rs.1000 crore to reach the level of Rs.6331.61 crore. Further, both the turnover and PBT in the segment of PMC has gone down to the level of Rs.4807.21 crore and Rs.219.98 crore respectively in the year 2019-20. The Committee is concerned to note the sharp decline in the turnover to the extent of Rs.1500 crore in 2019-20 and decline of almost Rs.165 crore in PBT in the PMC segment during the year 2019-20. Taking into account the fact that PMC segment constitutes almost 95% of the total business of the NBCC, the Committee find that the huge decline in the turnover and PBT in this segment is an alarming signal to

management of the NBCC. The Committee therefore urge the NBCC to have an in depth introspection for the reasons for such huge decline in turnover and profit in the PMC segment and take all remedial measures to reverse the trend in the current financial year so as to increase the profitability and credibility of the Company. The Committee would like to know the precise action taken by the NBCC in this regard.

Reply of the Government

Redevelopment of Nauroji Nagar valuing Rs. 2,694 Crore could be started after the vacation of stay by Hon'ble High Court/ National Green Tribunal (NGT) in February 2020 but in March 2020 due to outbreak of Covid-19 pandemic, work again came to a standstill, which affected turnover. In case of Redevelopment of Sarojini Nagar & Netaji Nagar total valuing Rs. 18,960 Crore, all statutory approvals have been obtained except for Tree cutting/ Transplantation approval from Forest Dept, GNCTD for some parts of the project. NBCC is constantly pursuing with the authorities for expediting approval and expect to start these works expeditiously which will improve the top-line and bottom-line of the Company.

The balance work of Amrapali Projects in Noida/ Gr. Noida of Rs. 8,500 Crore approx. were awarded during the Financial Year 20-21 which will further add to the top line of the Company in next 3 years.

Along with these major projects, NBCC has various high value projects on PAN India basis which are in progress. Some of these projects are IIM Sambalpur, Odisha; IIT-Mandi, Himachal Pradesh; International Exhibition cum Convention center at Pragati Maidan, New Delhi; IIT, Bhubaneswar, Odisha; IIM Vishakhapatnam; AIIMS, Deogarh, Jharkhand; AIIMS, Bilaspur, Himachal Pradesh; Bharat Vandana Park, East Delhi Hub Karkardooma; Border fencing works in NER etc.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 10)

8. The Committee's analysis of the financial performance of the Company during the last five years reveal that the audited financial results as posted on the official website of NBCC indicate the sharp decline in income, PBT and PAT of the Company in the financial year 2019-20. Thus, the profitability and turnover of the Company decreased not only in PMC segment but the overall turnover, profit before tax and profit after tax of the NBCC in all segments have shown sharp decline during the year 2019-20. Thus, the profitability and turnover of the Company has decreased not only in PMC segment but the overall turnover, profit before tax and profit after tax of the NBCC in all segments have shown sharp decline during the year 2019-20. The Committee observe that the overall turnover of the Company has gone down from Rs.7141.60 crore in 2018-19 to Rs.5179.71 crore in 2019-20, thus registering a

decline of approximately 27%. The profit after Tax which is posted as Rs.79.86 crore in 2019-20 against Rs.384.11 crore in the year 2018-19 has shown a major decline to the extent of 79%. The decline in revenue during 2019-20 is spread across all segments namely PMC, EPC and RED. The Committee feels that the Company should seriously analyse the various factors responsible for such huge decline in various segments that affected its performance and profits and revise their strategy to encounter the negative trends without any delay. The Committee have no doubt that the steep decline of 79% in the profits of the Company during 2019-20 is a warning bell to the Company that if key issues related to its performance are not addressed in time, the Company may run into rough weather in the future. The Committee therefore strongly recommend the NBCC to immediately chalk out a structured plan for gearing up their machineries to speed up the execution of the projects so that adequate revenue is generated and the profitability ratio gets improved particularly when the Company is having a huge order book of Rs.80,000 crore in domestic market.

Reply of the Government

A Standing Committee of Sr. level official across the disciplines have been formed to look into various issues of contract management and to suggest the systemic improvement required for smooth operations of the Company. Some of the action points implemented/ under implementation are as under:-

- 1) Executions of works are being done through EPC tender against percentage rate tender.
- 2) Focused approach on reducing the bottlenecks in timely award of work for timely start of work on ground.
- 3) Contractual action against non-performing contractors/ vendors.
- 4) Increased focus on the quality assurance. Further, quality control units have been setup under each RBG/SBG/Zones to implement and review the quality of projects.
- 5) Advanced Construction technology are being adopted for speeding up the works at site and GRIHA/LEED norms have been incorporated in all major projects.
- 6) Structure of the RBG/SBG along with role and responsibility of officials have been revamped. Zonal In-charge has been nominated for all projects; who will be primarily focusing on progress & quality of works. CGM/ED will be responsible for overall performance/execution of the contract. This will streamline the operations with clear responsibility and accountability during the course of execution of works.
- 7) Necessary amendments have been undertaken in GCC/ Works Manual addressing the bottlenecks in contract operations and facilitating smooth completion of works.
- 8) Sub-Delegation of Powers has also been suitably amended aiding in faster decision making.
- 9) An important reason for reduction of profit level is amendment in GFR-2017. Now most of the works are secured in competition and NBCC has to quote lower fees to get the works.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Performance Or Subsidiaries And Joint Ventures of NBCC

Recommendation (Sl. No. 11)

9. The Committee note that as on September 2019, NBCC had 8 subsidiaries and had formed Joint Ventures (JV) with 3 Companies. The subsidiaries are (i) NBCC Services Limited (NSL), (ii) NBCC Engineering & Consultancy (NECL), (iii) NBCC International Limited (NEL), (iv) NBCC Environment Engineering Limited (NEEL), (v) Hindustan Steelworks Construction Limited (HSCL), (vi) HSCC (India) Limited (HSCC), (vii) NBCC DWC LLC, and (viii) NBCC Gulf LLC (OMAN). Out of these eight subsidiaries, only four are under operation and two subsidiaries viz. NECL and OMAN have been approved by the Board of closure. The other two subsidiaries viz. NIL and NEEL have been approved by DIPAM and the Ministry of Housing & Urban Affairs for closure. The Committee observe that the three JVs in which NBCC owns 50% ownership interest, the share of NBCC is very marginal. In the Joint Venture NBCC-MHG, it is only 0.09% of total comprehensive income i.e. Rs.30.82 lakh. Similarly, in Joint Venture NBCC-AB, the Company had to share a loss of Rs. 0.08 lakh. In the JV Real Estate Development & Construction Corporation of Rajasthan Limited (REDCC) the percentage share of total comprehensive income is only 0.02% i.e. only Rs.6.78 lakh. The net profit of HSCL has declined from 35.76 Crores in 2017-18 to Rs.34.29 Crores in 2018-19. Similarly the Joint Venture NBCC-AB made 'NIL' profits since the year 2015-16. Likewise, another Joint Venture namely Jamal NBCC International (PTY) Ltd. In which NBCC has 49% share holding, was dissolved in the year 2018-19. The Committee also note that in another Joint Venture NBCC-RKMillen, its land was acquired by the Government of West Bengal and it could not take off and there is a legal case between the co-ventures. Furthermore, the share of NBCC in the total income of the JVs is like Rs.30.82 lakh in NBCC-MHG, Rs.6.78 ;aljom REDCC and Rs.0.08 lakh in NBCC-AB in the year 2018-19. The Committee thus observes that NBCC have not gained from these JVs and if the overall expenditure on establishment and management of these JVs is taken into account, the NBCC does not appear to be very well placed in terms of any gain from these JVs. The Committee therefore recommends that the NBCC should review its participation in these JVs in terms of the business being generated, expenditure incurred, profit earned and the assets and liabilities owned and take suitable decision in the business interest of the Company. The Committee may be apprised of the steps taken in the matter.

Recommendation (Sl. No. 12)

10. The Committee observes that as per the information given to them, the NBCC monitors the performance of their subsidiaries and Joint Ventures through their membership in the Board, Board meetings, and regular review meetings and through Group Governance Unit/Committee as per the SEBI Circular. The Committee notes that despite adopting all these measures, the performance of the Subsidiaries and Joint Ventures of NBCC has not shown any significant improvement. Four of the Company's

subsidiaries have closed down, one subsidiary viz. NIL that was formed in 2017 to carry out the business in overseas countries earned just Rs.3 lakh. On the other hand, one JV was dissolved and another could not take off. The present three operational JVs are not contributing much to the Company's profit. The Committee recommends that the performance of the Subsidiaries and Joint Ventures should be continuously monitored. The Committee is of the view that forming of subsidiaries in House Keeping and Maintenance Sectors may be explored by NBCC which would fetch a good business for the Company in the long term. The Committee recommends that the performance parameters of the expected partner companies need to be carefully analyzed before entering into new JVs in future and formation of Joint Ventures should be only with those Companies which have a sound track record of business and profitability.

Reply of the Government to Recommendations Serial No. 11 and 12

The Company has total eight (8) subsidiaries in which six(6) are wholly owned subsidiaries (100%) namely :

1. NBCC Services Limited (NSL),
2. NBCC Engineering & Consultancy Limited (NECL) – under closure
3. NBCC International Limited (NIL)- under closure
4. NBCC Environment Engineering Limited (NEEL) - under closure
5. HSCC (India) Limited, and
6. NBCC DWC-LLC (a foreign subsidiary),

One (1) is subsidiary (51%) i.e.

7. Hindustan Steelworks Construction Limited (HSCL)

One (1) foreign subsidiary namely

8. NBCC Gulf LLC, Oman where NBCC is holding 70% equity.

And JV Company

9. Real Estate Development and Construction Corporation of Rajasthan Ltd. (REDCCOR)

10. NBCC MHG-JV

11. NBCC-AB JV

12. NBCC RK Millen JV

Considering the performances and productivities of subsidiaries, NBCC's Board has decided to close four subsidiaries, namely, NBCC Engineering & Consultancy Limited (NECL), NBCC International Limited (NIL), NBCC Environment Engineering Limited (NEEL) and NBCC Gulf LLC.

NIL and NEEL are being closed through merger with NBCC; and NECL and NBCC Gulf LLC are closing through liquidation process. Further, the closure processes of all aforesaid four subsidiaries are underway.

Further, the remaining four subsidiaries i.e. NSL, HSCL, HSCC and NBCC DWC LLC have booked profit after tax of Rs. 412.98 Lakh, Rs. 4,420 Lakh, Rs. 3,763 Lakh and Rs. 567.71 Lakh respectively in FY 2019-20.

It is also mentioned that aforesaid all subsidiaries have been paid dividend to its shareholders in FY 2019-20.

Further, NBCC has a Joint Venture with the Government of Rajasthan in the name of the 'Real Estate Development and Construction Corporation of Rajasthan Ltd', where both the parties hold 50% of the issued share capital.

The financials of the subsidiaries & JVs are also placed before Audit Committee of NBCC and Group Governance Committee of the Company also monitors the performance and business development of the subsidiaries.

While formulation of JV is a business decision taken by the Company for exploring new business avenues; the recommendation of the committee on performance parameters while entering into new JVs have been noted, for future compliance.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Completion of Stressed Projects

Recommendation (Sl. No. 13)

11. The Committee observe that major competitors of NBCC in the private sector are L&T, Ahluwalia Projects, Nagarjuna Construction Corporation in the EPC segment; Hospitech, Feedback Ventures Pvt Ltd. in the PMC segment and DLF, Unitech, JP Infratech and Amrapali in the Real Estate segment. The Committee however note that certain housing/constructions projects of the major private players have been stressed, unfinished or stalled for various reasons. The Committee are glad to note that the NBCC has been involved in fulfilling the housing needs of the public at large whose dreams of owning a house have been shattered due to the stressed projects of the leading private companies viz. Amrapali, Unitech and JaypeeInfratech. As informed to the Committee, the NBCC has been directed to submit proposal for completion of 16 stalled / unfinished projects of Amrapali having a total of approximately 46,000 units. The NBCC will be the PMC for the project and will be paid PMC fees @8% and all funds will be provided to NBCC through various mechanisms as per court directions. The NBCC is expected to earn Rs.619.33 Crore on account of PMC fees from category A and

B of the Amrapali projects at NOIDA and GNIDA. Similarly, in the case of JaypeeInfratech Limited which is under insolvency process under IBC code, NBCC informed that the NCLT Principal Bench Delhi on 3rd March 2020 has approved the Resolution Plan submitted by NBCC with some modifications & directions. NBCC intends to get amendments on these points from NCALT. The Government of India has extended their timely support in providing necessary approvals for submitting the resolution plan and subsequent revisions. In case of Unitech, the Government on the directions of the Hon'ble Supreme Court has nominated NBCC to take up the construction of unfinished projects of Unitech as a Project Management Consultancy (PMC).The Committee hope that the NBCC will take up the execution works of these stressed projects on priority basis which would not only enhance the revenue earnings of the company but will also serve the greater purpose of providing quality homes to the long awaiting buyers within reasonable time frame.

Reply of the Government

After obtaining the approval from Ld. Court Receiver, tenders for stalled project of Amrapali Group were called for all the 24 residential Projects and awarded to different executing agencies. Out of 24 projects, 2 projects namely Eden & Castel have already been completed by NBCC and handed over to the Ld. Court Receiver/RWA and the work is in progress in remaining 22 projects at various locations. Regarding one commercial Project Tech Park, the approval is awaited.

Court has permitted NBCC to go-ahead for sale of unsold inventories vide its order dated 02.11.2020 and NBCC is in process of engaging channel partner for immediate start of sale for ready to move-in as well as under-construction inventories.

NBCC has launched the sale of unsold 49 units at various projects. A virtual sale draw program was held on 14.06.2021, in the presence of Ld. CourtReceiver and only 20 units out of 49 units has been sold out which is 40.80% of the total launched units in spite of keeping lesser rates as compared to the prevailing market rates.The total residential units in all the projects are approximately 46,575 nos. and residual unsold inventory includes 5,229 residential units & 560 commercial units, which are available for sale in less preferable locations, at different floors/towers/sizes in the same projects and very scattered in Noida & Gr. Noida.

NBCC is in the process of appointing Channel Partners for sale of inventory.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Increasing Global Presence

Recommendation (Sl. No. 14)

12. The Committee observe that NBCC have successfully executed diverse and

complex projects in countries like Libya, Iraq, Yemen, Nepal, Maldives, Mauritius, Turkey and Botswana. Presently, the Company has its presence in Maldives, Mauritius, Republic of Niger, Dubai and Seychelles where it is implementing various projects. The Company has also secured overseas projects in several African countries like Gambia, Liberia, Malawi, Gabon, Togo, Burkina Faso and Zambia but these projects are yet to start. The total value of these projects is approximately Rs.2,000Crore. The Committee note that the NBCC has generated turnover of Rs.2,000Crore. The Committee note that the NBCC has generated turnover of Rs.363.71 Crore from the International projects undertaken during the period from 2014-2019. The Committee also note from the details furnished that many overseas projects of NBCC were scheduled for completion before or during the year 2020. Some of them are (i) construction of Mahatma Gandhi International Convention Centre at Niamey, Niger that was scheduled to be completed by 31 October 2019 with a value of Rs. 392 Crore, (ii) New Supreme Court Building, Port Louis, Mauritius that was scheduled to be completed by 24 December 2019, (iii) Social Housing at Dagotiere and Mare Tabac, Mauritius that was scheduled for completion by 8 February 2020, and (iv) construction of Indian pavilion at Dubai World Expo that was scheduled to be completed by 31 August 2020 with a value of Rs.232.70 Crore. The Committee further note that there are about 8 projects secured in Africa but yet to start as in some cases the soil and topographical survey, alternate land confirmation/allotment are awaited from the host countries. The Committee would like to be apprised about the status of these projects which were scheduled for completion before or during the year 2020. The Committee recommends that NBCC should make a mark in the global markets and to achieve this goal, the Company should deliver the projects in time with better-quality execution without any cost over-run.

Reply of the Government

NBCC has already submitted the DPR of the mentioned projects secured in Africa to Ministry of External Affairs (MEA). Further, NBCC is pursuing with the Ministry of External Affairs to take forward these projects of MGCC in 8 countries in Africa.

NBCC has been making constant efforts to secure business in Overseas markets; and through this sustained efforts, NBCC is in discussion with Govt. of Maldives for the project of 2,000 Social Housing at Hulhumale, Male, Maldives (costing approx. US\$ 130 million), which is in final stages of approvals.

The recommendations of the Committee have been noted for future compliance.

(Ministry of Housing & Urban Affairs)

(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 12 of Chapter I of the Report)

Recommendation (Sl. No. 15)

13. The Committee observe that NBCC faces several challenges in global market. As per NBCC, one of the major challenges that it faces is the huge shortage of Indian Skilled technicians in the construction sector and most of younger generations not showing much interest in working overseas construction projects. The other major challenge stated to be faced by NBCC is that in many countries, the Company doesn't have physical presence due to which there is difficulty in gathering the data, local conditions, logistics etc. NBCC is making efforts to join hands with Indian PSUs for the purpose which is certainly a good option in the opinion of the Committee. The contention of NBCC about the huge shortage of Indian skilled technicians and younger generation not willing to work overseas does not seem plausible in the wake of such a high demand for employment in the domestic and international job markets. The young generation is known for the dream it nourishes to work abroad. The Committee therefore recommend that for fetching better talents in adequate number for their overseas projects, NBCC need to publicise the job opportunities in these projects through electronic and print media all over the country in all major languages and if considered necessary, the deployment in international projects should be incentivized with country specific exclusive compensation packages to the employees.

Reply of the Government

The recommendations of the Committee have been noted; in case of expert & talented people, the customized country specific recruitment will be made with adequatepublicizing on local, international and social media platforms. To attract better talent, country specific compensation package will be offered with help of local Indian Embassies.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 25 of Chapter I of the Report)

Recommendation (Sl. No. 16)

14. The Committee note that in line with the Central Government's initiative towards Skill India Mission, NBCC has given certificates to 1400 construction workers who have been equipped with a new set of skills in tune with changing face of the country's construction sector. On completion of the Recognition to Prior Learning programme under Pradhan Mantri Kaushal VikasYojna (PMKVY) in collaboration with CSDCI and CII, the certificates are awarded by officials of NBCC, CSDCI and CII. The Committee while

appreciating the initiative taken by NBCC in equipping many people with new set of skills in the construction sector and awarding certificates would like to know as to how many of these trained people have been gainfully employed in the construction sector in domestic and overseas projects. The Committee feels that such skill development programmes should be synchronized in such a way that the trained personnel are able to secure gainful employment immediately after their training course is completed.

Reply of the Government

The employability of all these 2700 workers at the project sites has gone up with the certification of their skill sets through the skill India program. Based on the level of their certification (level -1, Level – 2) they are being considered for higher level jobs (from semi-skilled to skilled and from skilled to highly skilled) in the same project sites or at other project sites. Since they are now having a certificate issued by the Government of India, their acceptability in overseas market has also gone up.

**(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)**

Comments of the Committee

(Please see para 25 of Chapter I of the Report)

Human Resource Management

Recommendation (Sl. No. 17)

15. The Committee was informed that the talent pool of NBCC comprises of some of the best talents across engineering, construction, architecture, project management and other faculties and the average age of employees in the Company is 43 years. The young workforce of the Company brings new thinking, energy and dynamism in the operation of the Company. As informed to the Committee, the NBCC was recognized in July, 2019 as a great place to work and training of 2940 man days were given under Company's undergoing Skill Development initiative. The Committee observe that there were 1847 regular employees in the strength of the NBCC during the year 2019 and out of this 313 belong to SC, 62 belongs to ST and 29 employees belong to Differently Abled categories. With regard to the recruitment of employees during the year 2018-19, the Committee observe that NBCC has recruited total 110 persons during the year 2018-19 which comprises in 92 persons in Group A, 01 person in Group B and 17 persons in Group C. The recruited employees in different categories were 46 in General category, 36 in OBC, 20 in SC and 08 in ST category which reflects that the reservation regulations in recruitment of employees are complied with. The Committee express their satisfaction that the NBCC has been complying with the rules and regulations pertaining to the recruitment of reserved category candidates and hope that they will keep on making regular induction of human resources of different levels so that young

professionals engaged at early stage acquire experience and develop required expertise to devote their best at later years in the Organization.

Reply of the Government

As recommended by the Committee, NBCC shall continue to comply with the rules and regulations pertaining to the recruitment of reserved category candidates and will keep on making regular induction of human resources of different levels so that young professionals engaged at early stage acquire experience and develop required expertise to devote their best at later years in the Organization.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 18)

16. The Committee observe that there are 133 women employees at different levels the NBCC. The Group-wise strength of women employees is 88 in Group A, 17 in Group B and 28 in Group C. As informed to the Committee, the Company has in place a policy on prevention, prohibition and redressal of sexual harassment of women at workplace in line with the requirements of the Sexual harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An internal Committee has been set up to redress complaints received regarding sexual harassment which functions in accordance with the model code of conduct developed by National Commission for Woman/Ministry of Woman and Child Development. The Committee has also been informed that no case was filed with regard to the sexual harassment of women employees in NBCC during the year 2018-19. The Committee are happy to note that adequate safeguard mechanism in accordance with the legal requirements has been put in place by NBCC to protect their women employees at workplace from any incident of sexual harassment and also to get investigated appropriately the reported case in this regard. The Committee are glad to know that no such case was reported during the year 2018-19 and hope that the NBCC will keep on making their endeavours to provide safe and secure environment for their women employees and ensure that they are well protected at workplace.

Reply of the Government

As recommended by the Committee, NBCC shall strive to provide safe and secure environment to all women employees at work place.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 19)

17. The Committee observe that the Company has maintained cordial industrial relations in the organization and provide comprehensive welfare facilities to its employees to take care of their health, efficiency, economic betterment so that they could give their best at the workplace. The employees' participation is also ensured through information sharing on a regular basis for seeking their support, suggestions and cooperation and thus, the Company has been able to maintain healthy, cordial and harmonious industrial relations at all levels. The Committee appreciated the generous approach of NBCC towards their employees not only for their betterment but also to ensure harmonious industrial relations in the organisation which in turn increase the productivity and output of the Company. The Committee hope that NBCC will continue its pragmatic and advanced human relations approach to garner the best support from their employees to take the organization to the new heights.

Reply of the Government

As recommended by the committee, NBCC shall continue its pragmatic and advanced human relations approach to garner the best support from their employees to take the organization to the new heights.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 20)

18. The Committee note that the NBCC created 783 posts during the last 05 years and thus provided employment opportunities to the talented people in the sector. The year-wise creation of the posts indicate that the posts created were 307 in 2015-16, 138 in 2016-17, 134 in 2017-18, 182 in 2018-19 and 22 in 2019-20. The Committee also observe that NBCC has given certificates to 1400 construction workers who have been equipped with new set of skills. Further, with regard to the plan for employment generation in future, the Committee was informed that NBCC had already drawn a comprehensive strategic plan on the manpower planning from the year 2016-17 to 2021-22 based on the assessment of the expansion of activities, retirements and exit, addition of new subsidiaries etc. The Committee while expressing their satisfaction on the planning done in advance for engagement of manpower in successive years, recommend that the requirements need to be reassessed from time to time based on the new developments in the sector and also the increasing use of latest technology in the construction sector. The Committee therefore urge the NBCC to make regular induction of employees at different levels based on the actual requirements, provide them skill training and acquaintances with latest technology, put in place well defined career growth plan and make a provision to incentivize the excellent performance of employees from time to time.

Reply of the Government

As recommended by the committee, NBCC shall work towards making regular induction of employees at different levels based on the actual requirements, provide them skill training and acquaintances with latest technology, put in place well defined career growth plan and make a provision to incentivize the excellent performance of employees from time to time.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 21)

19. The Committee was also informed that approximately 17810 employees were working under the contractors of NBCC. The Committee observe that there are various labour laws and regulations for governing the working conditions, payment of wages, safety and security at work place, social security, compensation in accidents, welfare measures etc. Although the contract workers are not in direct employment of the NBCC yet it is a vicarious liability on the part of the Company to ensure that the provision of all Labour Laws and regulations are scrupulously followed by the Contractors in respect of the labourers engaged by them at different sites. The Committee therefore recommends that NBCC should develop some mechanism to ensure the strict and honest compliance of the Labour Laws and other related regulations by the Contractors to safeguard the interest of the labourers.

Reply of the Government

NBCC has incorporated the necessary regulations and statutory provision in its GCC wherein all necessary checks and balances are being defined and they are monitored for compliance. However, we have taken the observation of committee in a right spirit and working to strengthen our internal mechanism in the Company's ERP to ensure the compliance of the Labour Laws such as CLA, BoCW, PF Act, ESI Act, Employee Compensation Act etc. We are committed to ensure the strict and honest compliance of the Labour Laws and other related regulations by the Contractors to safeguard the interest of the labourer.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 23)

20. The Committee observe that NBCC allocates 1% of PAT towards R&D budget annually. The Committee are however dismayed to note that the total R&D budget allocation of NBCC for the period of 5 year between 2014-2019 was only Rs.16.21 Crores and the actual expenditure was meager Rs. 7.11 Crores. When queried about the low expenditure under R&D, the Company stated that the deficit in expenditure as compared to the budget provision for R&D activities was due to the fact that R&D work is a long time consuming process. Secondly, they are striving hard for receipt of appropriate fresh research proposals for sponsorship from the reputed research organization. Further, most of the sponsored research projects have long duration ranging from 3-5 years and there is a provision of release of grant/installment with respect to progress of the research work. Accordingly in the unfinished sponsored research projects, the expenditure to be incurred shall have to be carried over to the next financial years. Hence, NBCC expects that the expenditure on R&D will increase in future with the boost in R&D activities. The DPE guidelines encourage CPSUs to take-up R&D activities and there is no ceiling of 1% as contended by NBCC. Rather, in MoUs signed between CPSUs and Administrative Ministries/Departments, 5% weightage out of 50% for non-financial parameters has been earmarked for R&D activities. The guidelines of DPE further provide the rationale behind R&D activities that the changed business environment is highly competitive markets, the rapid pace of change in technology, stringent emission norms, quality control criteria heightened expectations and demands of customers, lack of transfer of technology and know-how from competitors, etc. R&D activities by CPSUs can result in substantial increases in market share and competitiveness. They would help to increase profitability and reduce costs. Focused R&D programs; combined with new international partnerships, can help to address global issues such as climate change, health, energy, food security and poverty alleviation. The Committee also find it rather surprising that NBCC is not receiving fresh proposals for sponsorship from the reputed research organizations especially when there is so much emphasis of the Government on 'Skill Development' and 'Make in India' programmes. The Committee recommends that R&D allocation and expenditure of NBCC be enhanced appropriately and more focus on innovative technologies be made and for this purpose, the NBCC should tie up with reputed Research Institutes.

Reply of the Government

NBCC has tied up with reputed research Institutes viz. IIT Roorkee, CBRI Roorkee, Thapar Institutes of Tech. and receiving fresh proposals from these institutes with focus on innovative and sustainability technology. However, the recommendations of the Committee have been noted for compliance.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Payments to Contractors

Recommendation (Sl. No. 26)

21. The Committee observe that NBCC has adopted several measures in its tendering process to ensure transparency, accountability and timely payments to its contractors and third parties. As informed to the Committee, all works above 25 lakh are being invited through e-tendering system in the NBCC and all tenders for works valuing Rs.50 Crore and above are invited on EPC mode. Tender documents are prepared by Tender Formation Committee (TFC) at the zonal level and after approval by the concerned Regional Business Group (RBG) / Strategic Business Group Head is sent to CPG for inviting tender. Independent responsibilities of TFC at the zonal level and Tender Scrutiny Committee (TSC) at HO level have been defined in the Works Manual. Integrity Pact has been adopted in the Company. Independent External Monitors (IEMs) have been appointed in consultation with CVC who closely monitors the tendering processes and review the tenders periodically and deals with all complaints and corruption issues. Similarly, mechanism has been put in place for release of payment to contractors and third parties. As per the General Conditions of Contract (GCC) of NBCC, the contractor shall become entitled to payment only after NBCC has received the corresponding payment(s) from the client/owner for the work done by the contractor. On a query regarding delay in payments to third parties/contractors, the Ministry in their written replies informed that the major reasons for non-payment or delay in payment is due to non-realization of dues from clients, non-submission of documents such as insurance policy, challans, non-fulfillment of taxation requirements such as non-deposition of GST returns, etc. To further smoothen the payments to contractors in current scenario, regular letters are being written to clients along with physical follow-up by NBCC officials for realization of dues from clients by setting down the observations raised by them and the results for the same have started to come. The Committee was also informed that a grievance portal has been developed for contractors and consultants where they can login directly and register their complaints. The Committee are however shocked to note that despite all mechanisms put in place, as on 9 March 2020, the payment of an amount of Rs.1184 Crores are pending to be paid to the Contractors. The Committee feels that this is a huge liability on the Company. The Committee is apprehensive as to how NBCC would be able to clear the dues/payments to the contractors especially when the net profit of the Company as per the audited results of 2019-20 is now only Rs.79.86 crores. Nevertheless, the payments have to be made to the contractors for the work done once it is established that they have fulfilling all their contractual liabilities. The Committee would therefore recommend that NBCC, in this scenario, should work out a time bound plan to settle these payments so that this huge liability on the part of NBCC is cleared at the earliest.

Reply of the Government

Major outstanding liabilities to contractors are in those projects where client has not released the corresponding payment. It is to mention that clients like ESIC, Government

of Haryana for Medical College Mewat, NTPC etc. are not releasing outstanding dues payment against the work done by NBCC. In this regard, efforts made by NBCC to realize these major outstanding payments and resolve the issues.

Even after taking up the matter at the highest level with the client, some issues are lingering on due to which level has been raised and matter taken up through MoHUA and also at the level of Hon'ble Minister. Though Arbitrator appointed by PMA has given award in favour of NBCC against NTPC in 3 cases of dispute in Barh, Farakka & Mouda. NTPC is still delaying payment and violating the basic principles of Arbitration which has been taken up by Secretary, MoHUA with Secretary (Power).

As per our General condition of contract Clause No. 23.2 "contractor shall become entitled to payment only after NBCC has received the corresponding payment(s) from the client/Owner for the work done by the contractor". Accordingly, once the payment will be received from the Clients, the same shall be released to the contractors.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 33 of Chapter I of the Report)

Recommendation (Sl. No. 27)

22. The Committee observe that NBCC had taken up a sewer work in Jammu and Srinagar but due to the closure of the JNNURM scheme and later its merging with AMRUT scheme, the NBCC was unable to get funds on these projects. As informed by NBCC, the revised sanction cost for both the projects is Rs.288.2 Crore out of which work amounting to Rs.195.30 Crore has been completed. Now a balance amount of Rs.46.95 Crore is required to complete the comprehensive sewer scheme work of Jammu and another Rs.61.20 Crore is required to complete the comprehensive sewer scheme work in Srinagar. The Committee learns that earlier when J&K was ruled by the state government, NBCC officials had met with the Deputy Chief Minister and it was suggested that the funding for the work may be borne by the State Government. However, since there is no state Government now, the project has been stopped due to lack of funds. NBCC have sent letter for approval of the project and CMD-NBCC has also held meetings in Jammu. Keeping in view the importance and necessity of the sewer project for the people of J&K, the Committee recommends the Government to provide fund of Rs.107.15 Crore for completion of the unfinished sewer project in Jammu and Srinagar.

Reply of the Government

Initially the Sewer projects of Jammu and Srinagar was funded under JNNURM

scheme but after closing of JNNURM scheme in the year 2014; the Govt. of J&K give sanction of balance work under Languishing schemew.e.f 25.02.2019. Under languishing scheme, sanction of Rs. 35.95 Crore accorded for Jammu and Rs. 42.35 crore accorded for Srinagar. The work is in progress in both the cities and in Jammu city the work is near completion.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Redevelopment Projects

Recommendation (Sl. No. 28)

23. The Committee observe that NBCC has been entrusted with the redevelopment work of governmental properties. Some of the key projects in the redevelopment included General Pool Residential Accommodation Complex at New Moti Bagh, New Delhi which was completed in a phased manner from May, 2009 to March, 2012 at a cost of Rs.523.41 crore. The ongoing redevelopment of Kidwai Nagar East, New Delhi is spread over a area of 86 acres for an approximate cost of Rs.5298 crore. The NBCC has also been appointed as implementing agency for redevelopment of three GPRA colonies in Delhi namely Sarojini Nagar, Netaji Nagar and Nauroji Nagar at a total cost of Rs.25000 crore. The Company has taken up the redevelopment work of the existing Pragati Maidan Complex into a world class state-of-the-art integrated Exhibition-cum-Convention Centre at a cost of approximately Rs. 2500 crore, redevelopment of AIIMS Western Campus and Ayurvigyan Nagar, New Delhi for constructing 3000 flats at a cost Rs.5828 crore. As informed to the Committee, the NBCC has adopted self-sustaining model in these redevelopment projects where no government funding is required and. The Committee also observe that the NBCC has shown its willingness to undertake redevelopment works of old Railway Stations such as Varansi, Jaipur, JKota, SaraiRohilla, Thane, Margo (Goa), Bhubaneswar, Lucknow, Tirupati and Puducherry on global standards. The NBCC has also taken the redevelopment model of self-revenue generation outside Delhi to other states such as Rajasthan (Jaipur), Odisha (Bhubaneswar), Maharashtra (Wadala Mumbai) and NER states like Tripura (Agartala). Further, renovation work at PuranaQila, lighting works at Red Fort and renovation of Historic Victoria Memorial & Indian Museum in Kolkata are few such examples. The Committee observes that NBCC has huge opportunities in the redevelopment of residential and commercial properties and may capitalize on these opportunities by securing more and more projects because the self-sustaining model looks quite attractive and is definitely beneficial to all stake holders. The Committee expect that NBCC will focus on this segment of their business more vigorously and take initiatives of offering their expert services to the government and other owners of the properties for its redevelopment on a concrete and sound self-sustaining business model.

Reply of the Government

NBCC is currently doing Redevelopment of 3 GPRA colony- Nauroji Nagar, Netaji Nagar and Sarojini Nagar, with total sanctioned cost of Rs 24,682 Cr including 30 years of O&M. Further NBCC is doing another redevelopment project of Railway - Redevelopment of Gomti Nagar Railway Station with estimated cost of construction as Rs 360 Cr.

These redevelopment projects are based on self-sustaining model which have their own challenges.

Challenges:

- 1) In Re-development projects one of the major challenges is to get the buildings vacated and shifting of services/utilities. The encroachments existing for years are difficult to be removed.
- 2) Real Estate market is quite volatile and its volatility adversely affects the sales realization as well as planned revenue which is backbone to fund these projects.
- 3) It is observed that maintaining the positive cash-flow is quite difficult in initial stages on these projects which affect the progress. Initially infusion of seed money of approx. 20-25% of cost of the project is very vital to start project preparatory works, design, and drawing, payment of fees to statutory authorities and mobilization of site.
- 4) Normally the sale realization is based on achievement of certain stages i.e. Construction Linked Payment Plan. It is observed that there is a gap in sales realization and expenditure incurred at site in the beginning and it tapers down towards end/completion of project.
- 5) In order to make these self-sustaining businesses model more robust and successful, provision of initial fund support of 20- 25% from client/Ministry may be kept in the agreement to kick off the project smoothly. This initial investment may however be recovered from the project once the construction work starts in full swing and there is sufficient realization from sales/marketing.

Further there should be provision of joint meeting of various stake holders /ministries every quarterly to address various issues which affects the progress on these projects given the complex nature of these projects.

In addition to above, NBCC is exploring the self-revenue generation model for development of various land parcels for AIIMS, Government of Andhra Pradesh, and Government of Karnataka among others.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Diversification And Opportunities

Recommendation (Sl. No. 29)

24. The Committee observe that NBCC intends to diversity in various areas in future. Some of those areas are (i) contributing in execution of stalled and stopped projects of realtors who are under financial stress, (ii) entering into collaboration / joint venture as a co-developer/implementing agency for PMC, project branding, sales, marketing on the licensed land owned by the private firms or government agencies (iii) taking of large scale EPC projects on PPP models, (iv) commercial exploitation of surplus land available with CPSUs / Government Departments for their revival / modernization (NAWADCO, Air India, etc.) (v) expansion of its redevelopment projects from Delhi to other parts of the country, (vi) heritage restoration work, etc. When Committee sought information on NBCC's role in smart cities and construction of housing projects under affordable housing schemes, NBCC stated that it is not playing any active role in smart cities but will enter soon in this area with their work in Raipur smart city. The Ministry however informed that NBCC should engage in work of smart cities on their own strength instead of the government engaging it. The Committee is in agreement with the views of the Ministry. The Committee believe that with the slowdown in Real Estate market, the returns on investing in Real Estate have significantly dropped in last few years and the trend of demand for investment purposes has been declining very fast. The Committee therefore are of the opinion that the NBCC needs to diversify its activities and in this regard, the expansion of its redevelopment projects in Delhi and other parts of the country, taking up large scale EPC projects on PPP models, taking up of projects of affordable housing schemes and venturing into smart city projects on its own strength would be gainful and will provide a strong financial base to the Company.

Reply of the Government

NBCC is exploring / envisaging redevelopment projects in various parts of Country and some of the Major upcoming projects are following:-

- MAP Housing for Eastern Naval Command Vishakhapatnam
- Twin Tower Project, Bengaluru
- DelhiJal Board Redevelopment Project at Delhi
- Redevelopment of Hemisphere properties in Delhi and other locations

NBCC is also interacting with Srinagar Smart City Limited for infrastructural development works at Srinagar i.e. Water Supply, Sewerage, Roads, Housing etc.

The above projects are being pursued on the strength and credential of NBCC. NBCC is also taking initiative in other sectors namely Aviation, Warehouse, Solar & Hydro Power Infrastructure, Irrigation works such as Canal lining etc.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Environmental Concerns And Waste Management System

Recommendation (Sl. No. 31)

25. The Committee observe that the construction activities by its very nature, generate a lot of dust and demolition waste. The Committee was informed that the focus of NBCC is to minimize pollution and achieve zero waste emission during its construction activities. The NBCC intends to achieve this through recycling of construction and demolition waste which could be reused in the construction process and the initiative in this regard has been taken in the project of redevelopment of Kidwai Nagar East, New Delhi. Besides this, the NBCC has also taken up the measures like (i) prohibition of grinding and cutting of building materials in open area (ii) prohibition of carrying construction materials in uncovered vehicles (iii) providing Wind Breaker of appropriate height (iv) putting in place water sprinkling system (v) covering loose soil, sand, construction and demolition waste or other construction materials and (vi) adequate dust mitigation system during excavation of soil. The Committee appreciates the measures taken by NBCC to address the environmental concerns during their construction activities and hope that these measures will be effectively taken at all construction sites of NBCC to keep the environment cleaner and healthier for all the inhabitants in the surroundings.

Reply of the Government

As recommended by the Committee, NBCC shall continue to take measures to address the environmental concerns during construction activities at all construction sites of NBCC to keep the environment cleaner and healthier for all the inhabitants in the surroundings.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 32)

26. The Committee observe that waste management is a critical component in the construction sector. Huge quantities of demolition waste as well as some quantity of construction waste are generated in each project. The Committee was informed that NBCC, with regard to the projects in Delhi, has made it mandatory for the contractor to transport and deposit all the demolition waste at a recognized construction and demolition waste management facility within Delhi/NCR. Further, the contract document also makes it mandatory for the construction contractor to procure and utilize various recycled products in the construction activities like bricks, aggregate, kerb stones, paver blocks etc. from the same recycling facility commensurate with the quantity of C&D waste and thus, the entire C&D waste will be utilized in the project itself and nothing will remain to become a burden on environment and

government dumping facilities. The Committee are happy to note that reasonable measures for management of construction and demolition waste have been taken by NBCC in their construction projects in Delhi. The Committee observes that construction and demolition waste are major contributors to the environmental pollution in the surroundings and therefore recommend that the measures of construction and demolition waste management system launched in Delhi needs to be replicated in all projects of NBCC at different locations in the country and abroad.

Reply of the Government

It is apprised to committee that NBCC has made it mandatory for its architects and consultants to design the project in such a manner as to optimize utilization of products made from recycled C&D waste and compute the quantities for their utilization in various items in construction. Moreover, contractors have been directed to execute the project in such a manner that the quantity of products made from recycled C&D waste be necessarily used in construction. In case the contractor fails to use the specified quantity of 'products made from recycled C&D waste', a penalty of Rs. 250 per MT of the shortfall will be levied on the contractor. The necessary amendments have been made in NBCC GCC (General Conditions of Contract).

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (SI. No. 33)

27. The Committee observe that the NBCC aims to establish a systematic waste management system with stipulated techniques. It includes (i) Organized Collection and Segregation of Waste (ii) Organic Waste Compactors (OWC) and (iii) Recyclable waste to be recycled at site or compacted and outsourced to external agencies. As per the system, segregation of municipal solid waste (MSW) will be encouraged at source itself by provision of separate wet/dry bins in each unit and provision of dedicated garbage collection bins both in basements and public areas and these segregated garbage is to be treated as per the MSW Rules, 2016. Biodegradable waste is proposed to be treated and the resultant manure will be used for green belt development/gardening and the balance manure will be supplied for gardening and development of neighboring cities. For recyclable waste, dedicated recycle plants will be installed at sites for plastic and paper waste and in case of excess demand, waste compactors will be installed at dedicated locations on sites and the recyclable waste will be collected here and outsourced for recycling to selective external agencies. Further, there will be no transportation of liquid waste and solid waste from the site to landfills which will reduce the burden on the civic infrastructure of local bodies. The Committee are glad to know the various systemic mechanisms being planned by NBCC to introduce to effectively deal with the solid waste and liquid waste and express their hope that these measures will be translated into action very soon so that not only the aim of zero

waste emission is achieved successfully by NBCC but also a better ambience and environment friendly atmosphere is created for the inhabitants in the localities.

Reply of the Government

As recommended by the committee, NBCC shall continue its efforts towards establishing a systematic waste management system with the aim of zero waste emission and also for better ambience and environment friendly atmosphere for the inhabitants in the localities.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Corporate Social Responsibility (CSR)

Recommendation (Sl. No. 34)

28. The Committee observe that NBCC has volunteered to associate itself with Swachh Bharat Abhiyan and constructed community and public toilets at 30 locations of Municipal Corporations of Delhi (NDMC, EDMC and SDMC) and 100 nos. of Bio toilets at Schools for Girls students in the States of Uttar Pradesh, Rajasthan, West Bengal, Tripura, Assam and Uttrakhand. As informed to the Committee, the NBCC works with communities near its operations to implement a range of programs that positively impact in their lives and contribute in areas such as health, education, nutrition, empowerment, infrastructure development and local employment. During 2018-19, the major achievements of NBCC under CSR activities had been (i) Conservation, Restoration and Development of Purana Qila (ii) Sahara Hostel for War Windows of the Indian Navy at Vasant Kunj, New Delhi (iii) Construction of Saink Rest House (SRH) at Betul, Madhya Pradesh (iv) Education scholarship for tribal girl students at Kalinga Institute of Social Sciences, Bhubaneswar (v) Allocation of CSR Funds for 'Swachh Bharat Kosh' set up by the Central Government of India (vi) Construction of Gramalayas including Sewerage & Sanitation facilities at village Harchandpur, Haryana (vii) Construction of CC Road and U Drain from Shankar Nagar Crossing to Ganeshpur Police Station, Basti, Uttar Pradesh. The Committee observe that the projects of NBCC are spread all over the country and therefore after taking into account the nature of the operations of the Company and its impact on the inhabitants in the surrounding areas, the Committee desire that the NBCC should proactively take up CSR projects for the benefit of the people and their families living in nearby areas of the operational projects of the Company. The Committee further recommend that the NBCC should not only spend CSR funds to fulfill the minimum obligations as laid down in the Companies Act, 2013 for CSR activities but also should take up more and more CSR activities on their own keeping in view the requirements of the communities/families living near by the construction sites especially the poor and from the marginalized sections of the society. The Committee also desire that the maintenance of the physical assets like community and public toilets constructed in the MCD area and also in the schools must be

maintained properly to ensure that these are in usable condition for time to time. The Committee would therefore like the NBCC to apprise them of the measures taken for maintenance of the toilets constructed by them under Swachh Bharat Abhiyan.

Reply of the Government

Any asset created by CSR Project / Activity is handed over to the concerned Govt. Authority for its use and upkeep.

NBCC has time and again taken up the matter with MCD regarding the maintenance of the toilets constructed under Swachh Bharat Abhiyan but no efforts have been taken by MCD to maintain the public toilets to be in usable condition.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 36 of Chapter I of the Report)

Recommendation (Sl. No. 35)

29. The Committee however glad to note that the NBCC has incurred actual expenditure more than the mandatory CSR budget during the last five years as is evident that against the mandatory requirement of CSR expenditure of Rs.429.87 lakh in 2014-15, 487.96 lakh in 2015-16, 773.66 lakh in 2016-17, 876.42 lakh in 2017-18 and 950.96 lakh in 2018-19, the NBCC incurred actual expenditure of Rs.435.44 lakh, 870.54 lakh, 873.46 lakh, 895.61 lakh and 978.58 lakh respectively during these years. The Committee while expressing their great satisfaction on the overall expenditure incurred by NBCC much more than the mandatory requirement during the last five years, expect the NBCC to take up more CSR activities on education, health and shelter of poor families so that the benefit of CSR activities reach the most deserving and needy class of people who are otherwise deprived of basic facilities.

Reply of the Government

NBCC CSR Div. has been guided by the various guidelines issued by DPE from time to time and the common theme identified each year.

The recommendations of the Committee have been noted for compliance and NBCC will continue to ensure that the benefit of CSR activities reach the most deserving and needy class of people who are otherwise deprived of basic facilities.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 36.1)

30. The Committee observe that NBCC informed that till 2017, C&AG audit team was directly conducting transaction audit of Regional Business Groups (RBGs)/Strategic Business Groups (SBGs) and Inspection Report was sent to the respective RBGs/SBGs with a copy to CMD/Director (Finance) of NBCC. The replies to the Inspection reports were directly submitted by the respective RBG/SBG office to the C&AG team for settlement. After August 2017, new modalities were introduced whereby the Internal Audit Division (IAD) at Head Office will coordinate with the transaction audit of NBCC. IAD will coordinate with RBGs/SBGs/Divisions at Head Office for onwards submission of replies to outstanding transaction audit paras to C&AG office. Accordingly, reconciliation of old outstanding paras was done with CAG office by IAD. Total outstanding paras in NBCC as on 1st April 2019 were 296. Out of this 143 were settled/transferred by CAG during aCM in April 2019. So there was a balance of 150 audit paras and 17 audit paras were added for transaction audit during 2017-18 taking the total number of outstanding paras to 170 as on 31st August, 2019. The Committee noted that out of the 170 pending audit paras, 23 paras relate to excess payment/under or delayed recovery from contractor, 20 paras relate to discrepancies in tendering procedures, 19 paras relate to delay in execution of work and 11 paras relate to non-levying/short imposition of LD on contractor while 39 are miscellaneous issues. As per the latest written response furnished to the Committee by NBCC, they have furnished replies to 140 audit paras to C&AG office and remaining 30 paras are being pursued with the concerned Departments/RBGs/SBGs.

Recommendation (Sl. No. 36.2)

31s. During the course of evidence, it was admitted that currently there were about 160 audit pending paras and NBCC expected to settle another 100 paras in the one-to-one meeting scheduled with C&AG in the last week of March or the first week of April 2020. The Committee note that even before the new modalities were introduced after 2017, the number of pending audit paras were 296 which considerably huge. In the opinion of the Committee, the number of audit paras reflects the number of violations/non-compliance of rules and procedures by the Company. So more number of audit paras are not a healthy sign. The Committee therefore recommends that NBCC should vigorously pursue these pending audit paras with the concerned Departments/RBGs/SBGs and get them settled with the C&AG at the earliest.

Reply of the Government to Recommendations S. No. 36.1 and 36.2

The matter for settlement of outstanding CAG IR paras was rigorously taken up with CAG, MAB-Infrastructure office by NBCC Internal Audit Division. Despite Covid-19 lockdown during April-May,2020 Principal Director, MAB- Infrastructure, CAG agreed to review the replies and accordingly discussions were held on the outstanding paras and

replies through VC/Tele-conferencing and 116 nos. paras were settled by CAG office (including 20 nos. of paras transferred to NBCC for settlement through Management). Subsequently in September, 2020 on request of NBCC, Audit Committee of CAG was also convened whereby total 44 nos. of paras were settled by CAG office (including 27nos. transferred to NBCC for settlement through Management).

Thus, out of 170 nos. of outstanding paras total 160 nos. of paras were removed from CAG records and only 10nos. of paras from the list of old paras are left outstanding.

Meanwhile, during the course of audit for FY 2019-20 &2020-21, 71 no. of CAG IR paras have been issued by CAG team.

As on date, 81 no. of IR paras (including 10 old paras) are outstanding with CAG out of which replies to 20 paras have been submitted to CAG office and rigorous follow up is being done with RBG/SBGs offices for submission of replies for balance paras.

Further, it is pertain to inform here that in last 2 years, 308 nos. of Paras have been settled through CAG office.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 39 of Chapter I of the Report)

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Capacity Building And Research & Development (R&D)

Recommendation (Sl. No. 22)

The Committee note that the (i) Monolithic Concrete Construction System Using Aluminium Form Work, (ii) Monolithic Concrete Construction System using Plastic Aluminium Formwork, and (iii) Industrialized 3-S System using Cellular Light Weight Concrete Slabs & Precast Columns (Pre-Cast/Prefab) have been proposed for implementation by NBCC. The adoption of these three technologies will result in faster & better quality of construction and reduction of pollution from dust emitting from construction sites due to use of offsite manufactured concrete elements/members, eliminating the traditional brick mortar on-site construction activities. In the past, NBCC constructed and is also presently executing various projects with technologies like Composite Steel Structures, Pre-Cast, Pre-Stressed Technology and Mechanized, Co-Polymer Based Rainwater Harvesting Structure, etc. The Committee have further been informed that NBCC has signed MoU with (i) Hungary based Gremound Engineering Limited for adoption of a non-tectonic system that employs a unique concrete technology for faster construction of mass housing projects (ii) Polish firm named Bollis S.A in order to bring in highly energy efficient ETICS Technology solution to India and its neighbouring countries for its adoption in construction of Green Buildings and (iii) FortumOyj, a Finland Company for developing electric, vehicle charging infrastructure in all upcoming NBCC construction projects across India. The broad scope was to enhance capacity building through mutual collaboration. However, during the course of its implementation, it was observed that due to several factors such as non proven / certified technologies, high cost of supply & installations and clients acceptance, these technologies could not be infused in NBCC projects. Moreover, NBCC informed that all the three MoUs / MoBE have expired and due to aforesaid reasons, NBCC did not extend its validity. The Company has further informed that it has formed "Centre for Innovation & R&D" division in collaboration with IIT Roorkee in the year 2014 to look after R&D activities. Thus, NBCC adopted an approach of collaborative R&D for capacity building to carry out R&D activities. Accordingly, they have sponsored research projects to IITs and premier research organizations and till date 19 projects have been sponsored. The MoU was signed with IIT Roorkee on 7th November, 2014 for establishing a R&D centre on "Sustainable Civil Infrastructure" at their Greater Noida Extension Campus for undertaking Research projects, training of NBCC Engineers etc. Further, MoU has been extended for next 5 years. It was also informed that IIT Roorkee has 15-20 projects in which two are in advance stage and expected to be patented. The Committee are unable to comprehend as to why the validity of the MoU signed for enhanced capacity building has not been extended. The Committee also

desire to be apprised about the status of 15-20 projects of IIT Roorkee.

The Committee hope that the induction of new technology will on one side reduce the cost and time in accomplishment of the project and on other side will strengthen the structure with better interior and exterior finishing. The Committee would like the NBCC to increasingly use the best global technology in their projects and for this purpose may collaborate with global leaders in this field.

Reply of the Government

Some of globally acclaimed technologies are being used in projects to reduce the cost and time; and to improve the overall quality of finishes. Some of the new/ advanced technologies implemented by NBCC are as under:

- PT Slab & Beam for thinner section & Longer span length.
- Composite Steel Structure
- Monolithic Concrete Construction system using aluminum formwork
- Light Gauge steel Framed (LGSF) structures
- Prefab/ Pre-engineered Structures and materials
- Construction of basement with Diaphragm Walls
- Polymer based Rain Water Harvesting Structures.
- Di-Grid System , Deck Slab and with Precast Partition
- Fly Ash concrete

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Board of Directors

Recommendation (Sl. No. 3)

1. The Committee note that the Board of NBCC comprises the sanctioned posts of 4 Functional Directors, 2 Government Nominee Directors and 6 Independent Directors. The Committee however observe that out of the 6 posts of Independent Directors, only one post has been filled-up and 5 posts are remaining vacant for more than a year. Regarding the large number of vacancies of the Independent Directors, the Committee was informed that the position of Independent Directors of the company got vacant due to completion of their tenures on 15 June 2019 and that requests had been made from time to time to the administrative Ministry for appointment of requisite number of Independent Directors including one Woman Independent Director on the Board of the Company. The Committee observes that though one Independent Woman Director has been appointed with effect from 1st August 2019, the appointment of other Independent Directors are however yet to be made. The Committee observe that as per the guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises vide their OM No. 18(6)/91-GM dated 16.03.1992, a panel of suitable persons who could be considered for appointment of non-official part time Directors on the Boards of PSEs is to be maintained centrally by the Department of Public Enterprises and this panel is to be prepared in consultation with PESB and the Secretary of the concerned administrative Ministry. This Committee also in their Fourth Report (Twelfth Lok Sabha) had expressed their opinion that shortage of non-official Directors on the Board deprives the Undertaking of expert guidance of seasoned professionals and technocrats and the Committee had therefore recommended in the said Report that the strength of non-official Directors in PSUs should be brought to the level stipulated in the guidelines without further loss of time. The Committee strongly feels that Independent Directors act as a guide to the Company for bringing improvement in the corporate credibility and standards of governance. They also help the Company in bringing Independent judgement and act as a bridge between management and shareholders by encouraging the implementation of the principles of corporate governance ensuring accountability and transparency in the functioning of the Company and persuading for various mandatory disclosures. Taking into account the important role and significant contributions by Independent Directors, the Committee is of the strong view that vacancies of Independent Directors on the Board should not be left unfilled for long period of time as has happened in this case. The Committee do not find any plausible explanation for non-filling of the vacancies of Independent Directors in NBCC for such a long period particularly when

the DPE is expected to maintain a panel of suitable persons for such appointments. The Committee are of the definite opinion that since the tenure of the Directors was already known, the Government should have processed the appointment to these posts in advance so that the new incumbents could have taken up the posts immediately after these were vacated. The Committee, therefore, strongly recommends that the vacant posts of Independent Directors be filled up by the Government immediately without any further loss of time and guidelines of DPE be scrupulously followed in the appointment of Directors on the Board of the Company. The Committee may be apprised of the action taken in the matter within a period of three months.

Reply of the Government

NBCC (India) Limited is a Government owned enterprise, the power to appoint functional/ Official, Part-time Directors/ non-Official Part-time Directors (Independent Directors) vests with the Government of India. The appointments of Directors are made by the Appointment Committee of Cabinet (ACC) on recommendations of Administrative Ministry, i.e., Ministry of Housing and Urban Affairs.

After vacancy of the position of Independent Directors due to completion of tenure of six (6) Independent Directors, requests have already been made by NBCC to the Administrative Ministry, i.e., Ministry of Housing and Urban Affairs (MoHUA) through various letter correspondence dated February 24, 2021, December 2, 2020, November 2, 2020, October 7, 2020, August 27, 2020, May 23, 2020, February 25, 2020, February 7, 2020, November 7, 2019, October 21, 2019; August 27, 2019; July 26, 2019; February 18, 2019 and January 02, 2019 for appointment of requisite number of independent Directors (including one-Woman Independent Director) on the Board of the Company. Further, National Stock Exchange (NSE) and BSE India Limited (BSE) sought clarification several times and levied penalty due to non-compliance on Composition of Board and constitution of Statutory Committees (Audit Committee and Nomination & Remuneration Committee). In view of the above, NBCC duly clarified to NSE and BSE several times and submitted reply that being a Government owned enterprise, the power to appoint functional/ Official, Part-time Directors/ non-Official Part-time Directors (Independent Directors) vests with the Government of India. The appointments of directors are made by the ACC on recommendations of Administrative Ministry i.e. Ministry of Housing and Urban Affairs. Further, the same was informed to Administrative Ministry also.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 7 of Chapter I of the Report)

Recommendation (Sl. No. 7)

2. The Committee observe that NBCC had undertaken 185 projects during the period from the year 2014-19 and presently the Company has an order book of approximately Rs. 80,000 crore besides an international order book of Rs. 2,000 crore. During examination of the subject, the Committee had found that the average rate of completion of project of NBCC had been only Rs. 4000 crore per year and therefore had desired to know from NBCC the action plan for completing the huge order book of Rs. 80,000 crore in a definite time frame. The Committee was informed that execution of the works depends on the availability of incumbrance-free land, availability of funds from clients and getting statutory clearances from various government bodies. The major redevelopment projects of GPRA at New Delhi (Nauroji Nagar, Sarojini Nagar, Netaji Nagar) valuing more than Rs.30,000 crore are held up due to various petitions filed in the Hon'ble NGT and Hon'ble High Court of Delhi. Further, major projects of SDMC, New Delhi, WTC, Guwahati, DDA projects at Sanjay Lake, Trilok Puri, New Delhi, redevelopment projects of Railway Stations at various places in the country could not kick off due to various reasons. The Committee are of the opinion that cost and time overrun for whatsoever reasons do leave its impact on the credentials of the Company and therefore, sustained efforts needs to be made to sort out various issues in a definite time frame. The Committee feel that securing order is only the beginning of the race and the real test lies in successful execution of the contracts to the satisfaction of the clients in the fixed timeline. The huge order book of Rs.80,000 crore in domestic market and Rs.2,000 crore in international market while on one side gives a great satisfaction for being able to secure such gigantic work order but on the other side it thrust upon the NBCC a greater responsibility to effectively encounter the challenges and meet the expectations of the clients by successfully executing these projects in the scheduled time. The Committee therefore strongly recommends the NBCC to come out with a structured plan of action to timely deal with the complexities of the various issues involved including expediting the disposal of the pending court cases so that the projects could start early and completed within the allocated time-frame.

Reply of the Government

Timely execution of projects is prime focus area of the company as on date. There are various complexities which are unique to each project which is being handled by structured action plan.

Re-organizing the major areas of execution is done at CMD/Directors level. System improvements in operations are being reviewed periodically by a committee formed for the purpose. The standardization of brands/ makes for various materials and incorporation of advanced/new materials& faster construction technologies are also under implementation. The company is also executing major projects on EPC mode to avoid time & cost over runs.

There are numerous mandatory statutory approvals like building layout approval, tree cutting permission, AAI approval, permission from transportation department etc. before initiation of a project.

Time and efforts required for departmental clearance is an issue which results in overall delay in starting of project on ground. It is suggested that single-window clearance for the entire process may be developed at appropriate level for simplification and ease of doing business. This integrated approach under one roof will avoid unnecessary delays in starting project and will also help in managing the cost of construction.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 20 of Chapter I of the Report)

NBCC's Role As A Land Management Agency

Recommendation (Sl. No. 24)

3. The Committee note that NBCC has been designated by the Government of India as Land Management Agency (LMA) vide the Department of Public Enterprises (DPE) OM dated 7 September 2016 for disposal of movable and immovable assets of sick/loss making CPSUs. The DPE vide its OM dated 14 June 2018 issued guidelines for time bound closure of sick/loss making CPSUs and disposal of their movable and immovable assets wherein NBCC and EPIL were suggested as LMA. As per these guidelines, LMA is to be nominated by the Administrative Ministry/Department/Board of the CPSUs concerned to manage, maintain and assist in disposal of their assets. The main role of NBCC as LMA would be to (i) identify, manage, maintain and, if required, engage security agency for the watch and ward of the assets on contract basis for the CPSUs against payment. (ii) to validate the information provided by CPSUs regarding the land/immovable assets, (iii) examination of current land use, FAR and the land use as per the local laws applicable in that area (iv) valuation of land on the basis of applicable circle rates, (v) work out the reserve price of land (vi) assess the use of land for affordable housing and shall ascertain from the MoHUA about any such requirement of land for affordable housing so that such land can be transferred as per guidelines of MoHUA, (vii) disposing off the land after assessing the requirement of land for affordable housing by MoHUA, (viii) to submit its recommendations about the further course of action regarding properties which could not be disposed during the bidding. NBCC informed that it had written letters to 75 loss making CPSUs which were under closure on the basis of information gathered from various sources including websites. However, 24 CPSUs denied and 8 CPSUs were considering appointing NBCC as LMA. As per the information furnished to the Committee, NBCC was appointed LMA by 14 CPSUs

and has disposed off 19 land parcels of 6 CPSUs measuring about 486 acres at a value of about 870 crores. NBCC further informed that as per the DPE guidelines, LMA is entitled to land management fee which would be 0.5% of the value realized from disposal of assets subject to a maximum Rs. 1 Crore. The Committee however note that till date NBCC has received just Rs.2.06 crore as LMA including advance which constitutes only 0.23% of the value of assets disposed. The Committee construes from the replies furnished by NBCC and MoHUA that the task to act as LMA was imposed upon NBCC by the Government but simultaneously it was not made mandatory on the part of the loss making CPSUs to appoint NBCC as their Land Management Agency. Further, it is not clear whether NBCC was consulted before being designated as LMA for the loss making CPSUs. It is also not clear as to why NBCC is not designated as LMA by the Government for disposal of excess/unused land of profit making CPSUs. The Committee would like clarification on these issues.

Reply of the Government

In the DPE guidelines dated 14.06.2018 para 2 (iv) NBCC and EPIL has been suggested as LMA by DPE vide its guidelines dated 14.06.2018 and LMA shall be nominated by the administrative Ministry/ Department/ the Board of the CPSE under closure to manage, maintain and assist in disposal of land.

The question regarding appointment of NBCC as LMA for loss making CPSEs or disposal of excess/unused land of profit making CPSEs pertains to Government of India. Further, NBCC is ready to take up all such project including monetization of assets, for Government bodies and CPSEs.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 25)

4. The Committee further observe that NBCC after undertaking so many functions as LMA for so many years could earn only Rs.2.06 Crore so far which is not even 0.05% of the entitled value of the land disposed off which it was supposed to get as per the DPE guidelines. In carrying out its functions as LMA, NBCC might have incurred some expenditure too on engagement of its manpower, logistics, coordination work, etc. Taking all these factors in view, the Committee is also apprehensive if the 0.23% that NBCC received as LMA or the 0.5% land management fee as fixed by the Government is comparable to similar functions of LMA in the private sector. The Committee would like to be informed on these issues to assess the net gains of NBCC while performing as LMA. The Committee may also be apprised about the status of disposal of movable and immovable assets of the remaining 8 loss making CPSUs that have appointed NBCC as LMA.

Reply of the Government

NBCC has received LMA fee of Rs. 2.50 Cr. as on 19.07.2021.

Status of disposal of immovable assets of the remaining 8 loss making CPSUs that have appointed NBCC as LMA is at **Annexure -II**. Responsibility of disposal of movable assets of CPSEs has not been assigned to NBCC.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Recommendation (Sl. No. 30)

5. The Committee observe that under the redevelopment projects especially the 7 GPRA colonies, AIIMS, etc., the NBCC is facing difficulties in getting timely clearances and statutory approvals related to environmental, tree cutting, NGT, etc. and as a result, these projects are getting unduly delayed. The Committee therefore recommends the Government for opening up of a grievance cell or a single window system at the Central level to address the challenges/problems that may occur while obtaining the statutory clearances /approvals.

Reply of the Government

Pertains to Government.

(Ministry of Housing & Urban Affairs)
(O.M.No. 181/2/1-PU/2020 Dated 29.01.2021)

Comments of the Committee

(Please see para 20 of Chapter I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS TO WHICH THE GOVERNMENT HAS FURNISHED INTERIM REPLIES

-NIL-

**New Delhi;
22 March, 2022
01 Chaitra, 1943(S)**

**SANTOSH KUMAR GANGWAR
Chairperson,
Committee on Public Undertakings**

APPENDIX-III

MINUTES OF THE TWENTY- THIRD SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2021-2022)

The Committee sat on Wednesday, the 16th February, 2022 from 1500 hrs. to 1630 hrs. in Committee room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Santosh Kumar Gangwar - Chairperson

MEMBERS

Lok Sabha

2. Shri Arjunlal Meena
3. Shri Nama Nageswara Rao
4. Shri Sushil Kumar Singh

Rajya Sabha

5. Shri Anil Desai
6. Shri Syed Nasir Hussain
7. Shri Om Prakash Mathur
8. Shri K.C. Ramamurthy

SECRETARIAT

- | | | | |
|----|------------------------|---|----------------------|
| 1. | Shri R.C. Tiwari | - | Additional Secretary |
| 2. | Shri Srinivasulu Gunda | - | Director |
| 3. | Shri G.C. Prasad | - | Additional Director |
| 4. | Mriganka Achal | - | Deputy Secretary |

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the three draft Action Taken Reports and to have briefing on the subject 'Industrial Finance Corporation of India (IFCI) Limited' in connection with its comprehensive examination. The three draft action taken reports pertained to :-

(i) **** **** ****

(ii) Action Taken by the Government on the Observations/Recommendations of the Committee contained in the Fifth Report of the Committee on Public Undertakings (17th Lok Sabha) on NBCC (India) Limited.

(iii) **** **** ****

3. The Committee considered these draft action taken reports and adopted it without any changes/ modifications. The Committee thereafter authorized the Chairperson to finalize the report on the basis of factual verification by the concerned Ministry/Department and consider for presenting the reports to Parliament in the coming session.

4. The Committee Secretariat then made a Power-point Presentation on the major issues related to the agenda of the sitting.

(The representatives of IFCI Limited were then called in)

5.	****	****	****
6.	****	****	****
7.	****	****	****
8.	****	****	****
9.	****	****	****

The Committee then adjourned.

(A verbatim record of the proceedings has been kept separately.)

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APPENDIX - II
(Vide para 4 of the Introduction)

Analysis of the Action Taken by Government on the Observations/ Recommendations contained in the Fifth Report of the Committee on Public Undertakings (2020-21) on NBCC (India) Limited

I	Total number of recommendations		37
II	Observations/Recommendations that have been accepted by the Government [vide Recommendations [vide Recommendations at Sl. Nos. 1, 2, 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 23, 26, 27, 28, 29, 31, 32, 33, 34, 35, 36.1 and 36.2]	Total	- 31
		Percentage –	83.78
III	Observations/Recommendation which the Committee do not desire to pursue in view of Government’s replies. [vide Recommendation at Sl. No. 22]	Total	- 01
		Percentage –	2.70
IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and need reiteration. [vide Recommendation at Sl. No. 3, 7, 24, 25 and 30]	Total	- 05
		Percentage –	13.51
V	Observations/Recommendations to which the Government has furnished interim replies.	Total	- Nil
		Percentage –	N.A.