

## CHAPTER VII: MINISTRY OF HOUSING AND URBAN AFFAIRS

### NBCC (India) Limited

#### 7.1 Unauthorised payment to employees

**Additional financial benefits given to employees of NBCC (India) Limited on achievement of “Navratna” status without there being any supporting statutory provisions, Presidential Directives or approval of Administrative Ministry/ DPE for the same resulted in unauthorised payment of ₹7.69 crore in the form of additional increment alone.**

NBCC (India) Limited (Company/ Management) was incorporated as a public limited company in November 1960 under the aegis of Ministry of Housing & Urban Affairs (MoHUA). It was conferred with the “Navratna” status by Government of India on 23 June 2014.

The Board of Directors (BoD) of the Company in its 437<sup>th</sup> meeting (31 July 2015) on achievement of “Navratna” status approved awarding of one additional increment w.e.f. 01 August 2015 to the regular employees on roll of the Company as on 23 June 2014 as a token of recognition on account of elevation of the company to the status of “Navratna”. Employees who joined/ separated after 23 June 2014 were not eligible for additional increment.

In this regard, Audit observed that the decision to grant additional increment to regular employees on the roll of the Company was without any supporting statutory provisions, Presidential Directives or approval of Administrative Ministry/ DPE for the same. This has resulted in unauthorised payment amounting to ₹7.69 crore (for Group A and B employees computed upto December 2017 and for Group C and D employees computed upto March 2018)<sup>1</sup> to the employees of the Company in form of additional increment alone.

Unauthorised payment to the employees in respect of enhanced perquisites and allowances, due to grant of additional increment, payable to Executives and Non-Executive employees was not furnished to Audit despite repeated requests.

Management in its reply (December 2018/ December 2019) stated that in order to keep morale of the employees high, to acknowledge the contribution of the employees so as to motivate them for further elevation of the Company and to prevent unrest among the employees due to huge gap between pay scales of NBCC and other PSUs, the additional financial benefits given to them on achievement of “Navratna” status were justified and such payment did not violate any DPE guidelines/ rules or any other rules in force.

Reply of Management is not acceptable as payment of additional financial benefits to employees, not warranted by any law/ rule/ guidelines for the time being in force, on achievement of “Navratna” status rendered such payment unauthorised. On this issue, MoHUA also sought clarification from DPE and DPE vide letter dated 13 December 2018

<sup>1</sup> Upto the date of implementation of pay revision in NBCC (India) Limited

clarified that providing additional increment by NBCC to its employees on achieving Navratna status is not in line with DPE guidelines.

The arbitrary action of Management, in granting this additional increment is also seen in the fact that just prior to this event, the Board of Directors of the Company in its 435<sup>th</sup> meeting (13 February 2015) approved, on achievement of “Navratna” status, enhancement of 3-5 percentage of perquisites and allowances payable to Executives and Non-Executives employees, retrospectively, with effect from 23 June 2014. As per DPE OM dated 26 November 2008, the BoD of each CPSE would be required to consider the proposal of pay revision based on their affordability to pay and submit the same to Administrative Ministry for approval. However, Audit did not find any evidence of the Company conducting any such exercise prior to granting these additional perks and allowances and without there being any supporting statutory provisions, Presidential directives or approval of Administrative Ministry/ DPE for the same.

Management justified these additional perks and allowances stating that there was disparity with the other Navratna PSUs. While the percentage of enhancement was subject to the ceiling of 50 *per cent* of Basic Pay, nonetheless, Management did not provide Audit with the details of the financial implications of the decision despite repeated requests.

Thus, additional financial benefits given to employees of NBCC (India) Limited on achievement of “Navratna” status without there being any supporting statutory provisions, Presidential Directives or approval of Administrative Ministry/ DPE for the same resulted in unauthorised payment of ₹7.69 crore in the form of additional increment alone.

The para was issued to the Ministry in January 2020; their response was awaited (June 2020).