

**Advisory to The Union Government/ State Governments/ & the Project
Authorities to have Realistic Solutions for Construction Industry, to the
COVID created Crisis**

In a series of web interactions, the Captains of Construction Industry have lauded the comprehensive steps undertaken by the Government in this crisis, thus averting an imminent social & medical crisis. The steps taken to manage economic resources were also appreciated. The time has now come to take rapid steps to **revive the economy**.

Learning from history, we know that besides agriculture, **construction activity is the mainstay & backbone of any economy** as it also supports some major upstream & downstream industries like Steel, Cement, Tile, Chemical & Paint industries besides many more, resulting in a **multiplier effect of 4.85**.

Pre-crisis, it employed over 5.7 Crores personnel directly in its activities, affecting at least 20% of India's population.

We write to you to implement a realistic revival path, which may be considered for the Construction Industry & also for other industries too. The steps on the way forward are bullet pointed below and **mainly focus on Cash-Flows which are the life-line of construction activity**. These include but are not limited to:

1. **Immediate release of Payment of all outstanding dues** to the industry including the work bills & IT refunds/ refunds of security deposits within a fixed time limit not exceeding a fortnight.
2. **Payment of all Arbitral Awards** which have been pronounced and waiver of further legal resorts. Arbitral Awards in any case are quasi-judicial in nature which need to be honoured as full & final, without seeking any indemnities.
3. **Raising of Contract value to be paid on existing awarded contracts by 7.5%** to compensate for wages hiked directly or indirectly as COVID allowance, as has been proposed by CPWD/ CIDC. Details are attached.
4. **Allowing the employers to retain Construction Workers Welfare Cess on Construction contracts** for next five years & permitting the employers to retain the monies to help in re-skilling & upskilling of workers, while setting up a social security Net for the workers, where all relevant details be maintained & monitoring of facilitation of support be done.
5. Allowing construction companies to **utilize the funds paid to Employees Provident Fund for on behalf of Construction Workers**, (both Employers share & Employees share), to be ploughed into the creating better infrastructure for the workers & meet health coverage, mobilization/ demobilization expenses.

6. **Issue of redeemable Bonds by the Central Government to meet the needs arising out of provisions in clauses 1, 2, 3** to allow all Project authorities to pay off their dues & enhance construction & other economic activity. It is noteworthy to mention that these bonds could be retired upon accrual of revenue arising out of rejuvenation of economic activities.

7. While welcoming the deferment of Interest & payment to Banks & F.I.s, we wish to suggest that any **application of Force Majeure Clauses** should be suspended with immediate effect since this shall not stand legal scrutiny, and would require extensive legal scrutiny. Provisions made by Dakshin Haryana Bijli Vitran Nigam in this context should be referred to.

8. **To quickly resolve the disputes** arising on account of the incidence of lockdown & resultant affects, process of **Mediation/ Conciliation using On line dispute resolution techniques** be resorted to.

9. **Representation of Industry** : In the various deliberations mentioned above it was a unanimous opinion among the Industry Leaders that they may be **represented** by their Apex Body i.e. Construction Industry Development Council (**CIDC**) www.cidc.in, which was formed by **Planning Commission** & is now reporting to **Niti Aayog**.

As the window for **effective implementation of required measures** is rapidly shrinking, we request the Government of India to please consider an early

interaction with the stakeholders and implementation of these measures on a war-footing in the same way that it is being done for other aspects of the country's needs. **The need to get the economy on track will also be essential to ensure victory against this invasion, and would initiate prevention of**

- i. Impedance of Economic Activity.
- ii. Spread of unemployment among citizens.
- iii. Failure of corporate houses.
- iv. Resultant social unrest.