



CIDC NEWS LETTER

(FOR LIMITED CIRCULATION AMONGST CIDC MEMBERS)

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"In retrospect - attaining adulthood"

Chairman Emeritus Shri G V Ramakrishna proudly narrates CIDC's achievements over the last ten years to well wishers at the CIDC anniversary function.

PROTECT

PROJECT

PROMOTE

INDIAN CONSTRUCTION INDUSTRY



Blessings from Founder Chairman & Chairman Emeritus

It has given me great pleasure and immense satisfaction to observe the progress of CIDC in its first decade of existence since it was born as a mere piece of one page registration document on the 7th of March 1996.

Dr. Uddesh Kohli, during whose time as Advisor in the Planning Commission the seed was sown, must really be proud today to see how well the tree has grown and started bearing fruit.

Under the able leadership of its Chief Executive Shri P R Swarup, (Director General), CIDC today stands tall as the apex nodal body in India on all construction matters and has contributed and continues to contribute immensely towards bringing vitality in the construction industry and thus becoming a strong change agent in building a stronger India.

My congratulations and best wishes to the entire CIDC community.



G V RAMAKRISHNA

Message from the Chairman

For my small contribution in initiating the entire exercise 18 years ago in the Planning Commission to bring about substantive improvements in Construction (of national projects under the plan, I can, in all humility, indulge in a little but of pride at the very impressive achievements of CIDC which completed a decade of its existence in March this year.

CIDC has tackled almost every conceivable aspect of the process of construction and initiated improvements in them. Its great achievements could not have been possible without the dynamic leadership and the diligent efforts of Shri P R Swarup and his team, supported wholeheartedly by the Board and all members of CIDC. My heartiest congratulation to all of us who have contributed towards this success and I am sure, will continue to do so till Indian construction secures a place of pride in the world community.



UDDESH KOHLI



From the desk of Director General

It is my privilege to write this message when CIDC has recently completed its ten years of existence. It would not be an exaggeration to say that, in these ten years, CIDC has tackled all important issues of concern to the Construction Industry. Some programmes have been successfully completed whereas a large number of our initiatives are of a continuing nature.



Since the last News Letter (No 30) the following important events have taken place :-

- CIDC co-hosted 'Indo-Canada Infrastructure Meet' in New Delhi and Mumbai with the Ministry of Economic & International Trade, Government of Canada during a high powered Ontario Business Mission to India.
- CIDC organized a one-day India-Canada Infrastructure Forum with the active support of Government of Canada on March 12.

Among the continuing important programmes, significant progress has been made in the following :-

- CIDC GET 29 ITIs FOR CONSTRUCTION WORKER'S TRAINING
- CIDC will set up retrofitting clinics across the country with selected partners.
- CIDC has prepared model contract documents for States like Goa and Haryana and PSUs like ONGC and National Mineral Development Corporation (NMDC), Hyderabad.
- We executed a request from Navratna Company Oil and Natural Gas Corporation (ONGC) to revise its contract clauses and prepare a works procedure manual.
- Besides the contract documents, CIDC has also been entrusted with the task of revising the PWD code for PWD (B&R), Government of Haryana.
- CIDC joins hands with India Gypsum Limited (IGL) for worker's training.
- CIDC, ICC to help construction companies to get ISO-9000.

Work has increased so much that we now have over 200 persons working in CIDC, majority of them on dedicated projects. This does not include sister organizations created by CIDC - CIVTA, CIPDTA, CIAA etc.

The guidance and support of the Chairman Emeritus Padma Bhushan Dr G.V. Ramakrishna, Chairman Dr Uddesh Kohli and all Members of the Board of CIDC has been a key factor in the progress of CIDC's work on all fronts.

I shall be failing in my duty if I do not place on record the hard work and dedication with which every member of the CIDC team continues to work without which our achievements could not have been what they are.

With greetings to all members and associates of CIDC as well as others in the Construction Industry who look forward to a better future for India through multifaceted improvements in the construction of the country's infrastructure in the public as well as private domain.

P. R. SWARUP



NEWS

UNION BUDGET & THE CONSTRUCTION INDUSTRY



The Union Finance Minister Shri P. Chidambaram giving final touches to the General Budget 2006-07.

The Union Budget 2007-08 of the Hon'ble Finance Minister envisages several steps for boosting Indian economy and industry. From the point of view of the construction industry, however, a number of issues need to be looked into:

1. Construction Industry is declared an Industry under the IDBI Act & thus service tax should not be levied on construction works. Removal of service tax is a major demand of the industry, which has not been addressed in this budget. High tax burden is a major impediment to the growth and development of the industry.
2. Recent times have witnessed frequent increases in prices of cement, which is now being sold at a retail price of Rs 200 to 250 per 50 kg bag. The price rise has been attributed to many factors, one of them being increase in demand. This budget will increase the duty on cement & price of cement by upto Rs 11 per bag with immediate effect. It was hoped that the budget would take steps to arrest the increase in price of cement but now, the price is likely to go up. This will discourage construction.
3. High rate of stamp duty on property, high interest rate on housing finance (CIDC has recommended 5 to 7.5% interest on loans upto 25 lakh), Urban Land Ceiling Act & Rent Control Act are major sources of concern to the housing/real estate sector, resulting in serious supply problems of affordable housing for the common man. These have not been addressed in this budget. Further, the budget has introduces service tax on rent from commercial property. Affordable housing will remain a distant dream for the common man.
4. Construction companies are heavily dependent on financial services from banks and face unwarranted hardships on account of high costs of finance and cumbersome procedures. CIDC had made a representation to the Hon'ble Finance Minister on this issue and has also evolved, in association with IBA, harmonized lending norms for the construction industry. The budget has not addressed this issue. So, financing difficulty shall remain an impediment to the smooth operation of construction companies.
5. Human resource development for the Construction Industry through vocational training is an urgent need of the hour for which CIDC is working with several State Governments. The budget has allocated Rs 750 cr for upgradation of ITIs, which is a welcome step. However the need for dedicated programmes allocation for HRD in construction industry has not been addressed.
6. Increased allocation for Govt. infrastructure & development projects such as NHDP, NREGS and Bharat Nirman etc are indeed welcome and will boost turnover of the Construction Industry. But the industry needs to be able to rise to the occasion, specific allocation for such programmes are required.



OUR ACHIEVEMENTS

CIDC'S TEN YEARS



*"Taking Stock"
"CIDC's 10 year journey"*

CIDC celebrated its tenth anniversary on 12 March 2007. CIDC organized a get-together to celebrate the occasion, which was well attended by all those who have been working with CIDC for the benefit of the Construction Industry. The function was presided over by Padma Vibhushan G V Ramakrishna, Founder - Chairman and Chairman Emeritus, CIDC who expressed satisfaction on the work done by CIDC till date. He expressed his deep gratitude to all the Members of CIDC for all the support rendered to the various activities initiated by CIDC. Shri A. Ramakrishna, Former Dy. Managing Director, M/s Larsen & Toubro also addressed the gathering and urged CIDC to carry on the good work. Also present was Shri S.K.Tripathi, Director, (Corporate Planning), HUDCO who reiterated the commitment of HUDCO to



Dr A Ramakrishna, former Dy Managing Director L&T & Vice Chairman, CIDC addressing the gathering at the 10th Anniversary function at India Habitat Centre

support the endeavours of CIDC. Shri P R Swarup, DG, appreciated the hard work of the entire CIDC team which enabled CIDC to achieve all its targets. He also thanked all who have supported CIDC and thereby contributed to its success. Every one agreed however, that there is no place for complacency. There is a great deal more waiting to be done in the future. CIDC has to play a pivotal role in the achievement of national plan objectives and thus contribute to a great future for the country.

GOVT. DEPARTMENTS PREPARE FOR COMMON WORK PROCUREMENT AND EXECUTION SYSTEMS



CIDC and National Mineral Development Corporation (NMDC) facilitation committee's meeting in progress for review of NMDC Contract Management Manual.

CIDC has prepared model contract documents for both state governments and public sector companies in a bid to arrest time and cost overruns to which ambiguity of bid documents contributes substantially. States like Goa and Haryana and PSUs like ONGC and National Mineral Development Corporation (NMDC), Hyderabad have engaged CIDC for re-drafting and standardising their Works manuals.

CIDC received requests from Navratna PSU Oil and Natural Gas Corporation (ONGC) to revise its contract clauses and prepare a works procedure manual. This has been executed on time. Similarly, National Mineral Development Corporation, Hyderabad has asked CIDC to draft its Management Manual. Goa State Infrastructure



Development Corporation (GSIDC) has also asked CIDC to prepare Works Manual for them.

Besides the contract documents, CIDC has also been entrusted with the task of revising the PWD code for PWD (B&R), Government of Haryana. Prior to this CIDC has developed a standard contract clauses and contract document for domestic bidding for MOSPI. This document has since been issued by MOSPI to all Government Ministries /Agencies/ Bodies and recommended for use as a model document.

The multiplicity of contract documents, issued by different departments, often leads to disputes between the concessionaire and the client. The harmonisation of contracts is likely to lend transparency to the system. A uniform, standardised document is also likely to set out well-defined obligations of the two contracting parties.

INTERNATIONAL

ONTARIO BUSINESS MISSION TO INDIA



High powered business delegation from Ontario (Canada) at the CIDC co-hosted "Indo-Canada Infrastructure Meet"

CIDC co-hosted 'Indo-Canada Infrastructure Meet' in New Delhi and Mumbai with the Ministry of Economic & International Trade, Government of Canada during a high powered Ontario Business Mission to India, organized by the Government of Ontario from January 14 to 21. This is part of its continuous efforts to synergise national and international Construction activities.

Ministry of Economic & International Trade, Government of Canada requested CIDC to synergise the Canadian and Indian Construction Industry. In a logical extension of joint efforts, 'Indo-Canada Infrastructure Meet' was organised by CIDC to facilitate and understand Canadian views and willingness to invest and operate in Indian Construction arena.

CIDC organised two meetings concerning this mission, one on 15th January, 07 at Hotel Taj Mahal, New Delhi and the second on 18th January'07 at Hotel Taj Mahal Palace, Mumbai. These meets were attended by several important Canadian Construction Companies and government officials who discussed business opportunities, joint ventures, investment in infrastructure and vital new trends under the banner of Ministry of Economic Development & Trade International Trade Branch, Canada.

This Canadian mission was headed by Ontario's Premier Mr. Dalton McGuinty, over 150 top executives of 86 Canadian companies, educational institutions and representatives of Export Development Canada (EDC), Indo-Canadian business organizations like Canada-India Business Council (C-IBC), Indo-Canada Chamber of Commerce (ICCC) participated in this mission.

CIDC, ICC TO HELP CONSTRUCTION COMPANIES TO GET ISO- 9000

India, today, has reached an age of quality consciousness where the customer needs to be



"Quality in Construction" - new mantra for construction companies in India.



convinced that the business meets their standards of quality. In this atmosphere only those companies that deliver quality products will survive. With more and more sectors opening up to international competition, there is a plethora of choices for customers.

Majority of Indian construction companies have so far operated without any formal quality certification procedures. In today's business environment it has become imperative for organizations to obtain ISO certification, crucial for survival in this competitive market and investing in brand building.



Raising the bar for quality standards in construction.

ISO 9000: 2000 is a family of formal International quality Management standards and guidelines forming a basis for establishing quality Management System. Their goal is to deliver a high quality product which satisfies the customer. They aim at continuous improvements.

The main benefits of ISO certificate are:

- Focus on quality performance.
- Customer satisfaction resulting in competitive edge, repeat orders, also market recognition.
- Operational efficiency, cost saving, better documentation, consideration of statutory and regulatory requirements.
- Enhanced informed communication.

- High profitability due to reduced warranty claims
- Employee's increased pride in the organization, enhanced morale.
- Continued improved performance.

CIDC and ICC, the representative organization of consultancy services have decided to guide and assist construction companies in attaining professional expertise and gain ISO certification. Members of ICC are consultants of international standing. ICC also provides assistance, guidance and suggestions on all types of Domestic & International Commercial Consultancy. It conducts studies, identifies problems and suggests ways and means of overcoming constraints through the advice of professionals. Further, ICC through its consultants can facilitate:

- Understanding of the standards and their implementation
- Assembling a task force and working out a strategy to develop and implement.
- Review advice and hand hold to formulate a strategy.
- Develop Management System Manuals, procedures etc. and implementation on the system including Training and Communication.
- Choice of certification body with a reputation beyond reproach.
- Assessment by the body to confirm compliance.
- Implementation of Management System and preparation for certification.

For any queries the following may be contacted:

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DISASTER MITIGATION & MANAGEMENT

Recognizing the high vulnerability of the country, the Government of India has come up with the Disaster Management Act, 2005 and set up the National Disaster Management Authority, under the chairmanship of Hon'ble Prime Minister.



*"Retrofitting Clinics"
- The answer for ailing structures.*

In tune with this Act, CIDC has taken an initiative for mitigation/preventive technologies for buildings and structures in districts, which fall under the seismic zones III, IV and V. As a starter, CIDC will set up retrofitting clinics across the country with selected partners who are **Maulana Azad National Institute of Technology, Bhopal (MP), Engineering College, Bikaner (Rajasthan), Indian Institute of Technology, Guwahati (Assam), Uttarakhand Building Centre, Garhwal (Uttaranchal), Govt. Polytechnic, Jhajjar (Haryana), Rajkiya Polytechnic Mahavidyala, Barmer (Rajasthan), Govt. Polytechnic College, Sirohi (Rajasthan), Govt. Polytechnic College, Churu (Rajasthan), Govt. Polytechnic College Alwar (Rajasthan), Govt. Polytechnic College Bharatpur (Rajasthan), Tyagraja College of Engineering Madurai (Tamil Nadu), University of Science and Technology, Murthal (Haryana)**. This has been possible with the prompt recognition of our initiative and support offered by the State Governments of Rajasthan, Haryana and Madhya Pradesh.

The entire scheme visualizes Retrofitting Clinics in almost every district in the seismic zones III, IV and V. These clinics will be centred around a suitable engineering, research or training institution.

The work involved includes:

- a) Identifying the centres
- b) Equipping the centres with the necessary hardware, software and experts
- c) Identifying the field engineers to be trained (presently in IIT, Roorkee)
- d) Registration of the above individuals as consultants.
- e) Publicity among government and private "Owners" of buildings and structures.

HOW IT WORKS

- a) Owners seek advice about the disaster vulnerability of their structures.
- b) Field experts visit (for a fee). Carry out visual inspection. Advise non-destructive (or partially physically exploratory) techniques for assessment. Copy of this report goes to the RFC also.
- c) Owner approaches the RFC. Pays for the inspection, testing, and design of retrofitting.
- d) RFC gets national experts to design the retrofitting. Advises the owner. Also inform the owner which suitable certified contractors can be approached for executing the work.
- e) Owner gets the work done under "milestone supervision" of the field expert.
- f) Field expert certified the work before owner makes full payment.

Considering the vulnerability of many old/non-engineered/heritage/vital structures and buildings there will soon be enough work for the RFC's from govt. and other agencies. In any case, the proposed system has preventive and insurance value.



Besides meeting the long standing demand for quality and safety improvement in buildings, these Retrofitting Clinics will provide much needed services to the owners in terms of improved guidelines for required structural strengthening and for better performance of existing buildings if by chance a natural disaster strikes.

HUMAN RESOURCE DEVELOPMENT (HRD) PROGRAMME



A rapt audience at one of CIDC's Executive Development Programme.

CIDC's most ambitious and massive programme for HRD in construction has now gathered momentum and is growing exponentially. CIDC's overture to state governments has received enthusiastic support from four, in particular the govt. of Madhya Pradesh.

29 ITIs PROVIDED TO CIDC FOR CONSTRUCTION WORKER'S TRAINING

State Governments of Haryana, Rajasthan, Madhya Pradesh and Bihar have tied up with CIDC for enhancing the skills of their construction workers. The workers will be absorbed in various national and state schemes, such as the national Rural Employment Guarantee Scheme (NREGS). So far CIDC have trained about 50,000 construction workers in this financial year.

CIDC has signed four different memoranda of understanding (MoU) with the state Governments

of Harayana, Rajasthan, Madhya Pradesh and Bihar to run construction workers, training, testing and certification programme in their respective states. These state governments have allotted 29 Industrial Training Institutes (ITIs) to CIDC. CIDC is running its HRD programme in almost 10 states which extend from Gujrat to north eastern states like Sikkim. As many as 47 types of skills including brick making, bar bending, mason work, plastering, electric fitting, wall painting, welding, store keeping, construction site supervising, electric wiring, stone cutting, plumbing, fitting motorized grading etc will be tested.

All successful workers get 'Skilled Construction Workers' Certificates awarded by the CIDC. Certification of skills will not only help the construction industry but will also ensure the quality of construction works, apart from helping individual contractors to get skilled manpower easily. The demand for manpower is growing day by day as inclusion of a prequalification condition in NHA's tender document that minimum 5% of trained and certified workers should be employed to become eligible for any of the bid from NHA. Madhya Pradesh Government has also taken a policy decision to grant special status to trained and certified workers w.e.f. April, 07. The Director of Contracts MES has also issued a similar circular to its executives all over the country.



A new beginning lighting of the auspicious lamp at one of the ITIs



Very recently CIDC tested the skills of over 4,000 workers in eight districts of Madhya Pradesh alone. This programme was covered by the Madhya Pradesh Rural Livelihoods project. Certificates were given to all the successful candidates. CIDC is also imparting training to construction workers of Central Public Works Department (CPWD) and the Indian Army. CIDC is also imparting training to individual workers. Gujarat Mahila Housing Trust has established an all Women Workers Training Institute for women workers under the CIDC-IGNOU scheme.

CIDC JOINS HANDS WITH IGL FOR WORKER'S TRAINING

CIDC and India Gypsum Limited (IGL) have decided to work together in collaboration to undertake the task of skill upgradation and the training of construction workers in the application of Gypsum Products for interior finishes.

CIDC and IGL agreed to launch this Project at India Gypsum Ltd Training Centres at Mumbai, which will henceforth become CIDC Accredited Training Centres. According to the MoU, CIDC will also facilitate launch of these training programmes at other CIDC Centres on agreed terms. The MoU was signed in Delhi by Sh. P.R.Swarup, Director General CIDC and Sh. Sanjay Bahl, Finance Director, IGL. The MoU provides IGL accreditation under CIDC-



Signing of MoU with Indian Gypsum Limited (IGL) - Shri P.R.Swarup Director General-CIDC & Sh. Sanjay Bahl, Finance director, IGL pledge commitment for the initiative

HRD scheme for conducting construction workers training, testing and certification programmes for their existing training centres.

"This agreement will help us to achieve our goal to train each and every construction worker for their skill enhancement and ensuring higher construction quality. It is a further extension of our work in western part of the country", Says CIDC Director General Sh P.R.Swarup.

All the successful certified construction workers will be awarded 'Skilled Construction Workers' Certificates by CIDC.

INDIA-CANADA INFRASTRUCTURE MEET

CIDC organized a one-day India-Canada Infrastructure Forum with the active support of Government of Canada on March 12. The focus of the forum was on projects in airports, roads, railway, and urban transit infrastructure. 23 Leading infrastructure firms with world class technology and expertise from Canada attended the forum to meet their Indian counterparts. The companies from both nations met and had one-to-one meetings with each other. These meetings helped in understanding the potential of creating synergies in forging such associations.



"Exploring opportunities" - participants at the infrastructure meet.

In addition to providing an opportunity to engage the Canadian infrastructure firms, the forum's plenary and strategic breakout sessions gave all the participants an opportunity to:



"Defining the agenda" Indo-Canada Infrastructure Forum meeting in progress.

- Engage with senior Canadian and Indian private and public sector representatives.
- Gain insights into the Government of India's infrastructure policies and priorities.
- Learn what types of financing Canada can bring in to Indian infrastructure projects.
- Probe issues important to their business with key decision-makers.

FORTH COMING EXECUTIVE DEVELOPMENT PROGRAMS (EDPs)

- Fast Track Construction 26-27 July, 2007
- Tax Management in Infrastructure Project, 23-24 Aug, 2007



"Knowledge upgradation" - Participants at CIDC - Executive Development Programme.

- Legal side of Contract Management, Arbitration and dispute settlement mechanism, 12-14 Sept, 2007
- Capacity Building for Engineers in Earthquake Risk Management, 27-28 Sept, 2007
- Computer Aided Cost Estimating and Quantity Surveying Techniques (With One Day Computer Practical) , 18-19 Oct, 2007
- Project Management for Rapid Results, 1-3 Nov,2007
- Construction and Quality Management of Roads & Bridges, 22-23 Nov,2007
- Green and Intelligent Building Construction Technologies, 6-7 Dec,2007
- Emerging Trends in Construction Management, 13-14 Dec,2007

SHRI M VASUDEVA TAKES OVER AS DIRECTOR GENERAL OF NCB

Shri M Vasudeva, a chemical engineer of high professional calibre, has taken over as Director General (Actg) of the National Council for Cement and Building Materials (NCB), a premier scientific and industrial research organization under the Ministry of Commerce & Industry, Government of India.



The establishment of a state-of-the-art testing laboratory and a versatile simulator trainer at NCB-Hyderabad are the two of the recent noteworthy examples of Mr Vasudeva's contributions to the cement industry.

A B.Tech from the IIT-Kanpur and M.Tech from IIT-Chennai, Shri M Vasudeva has a long and rich experience of over 32 years in cement manufacturing technology, particularly in the areas of process optimization, energy conservation, process simulation.



CONSTRUCTION COST INDICES January 2007

Construction Cost Indices (CCI) is computed for Delhi, Mumbai, Kolkata, Chennai, Bangalore & Hyderabad. CCI represents variation in cost of construction & are computed from the cost of various inputs that go into construction works. The indices are computed for 11 sectors as given below since the weightage of the inputs such as cement, steel, sand, wood etc, wages & salaries and cost of equipment vary for different sectors where construction plays a major role.

Indices are given in Table 2 for the month of January 2007. Averages are computed and are given in Table- 1

- On an average, the index rose by 1.3% for the period Nov. 2006 to Jan 2007(3 month period).
- The rise in Index is mainly due to rise in cement & steel prices during the period.

3 Tables:

Table 1: Average Construction Cost Indices

Base = 100.00, Jan 1998

Period →	Nov., 06	Dec., 06	Jan., 07
National Average	142.52	143.45	144.38

Table: 2 CCI for January 2007; Base = 100.00, Jan 1998

City Sector → ↓	Delhi	Kolkata	Chennai	Hyderabad	Banglore	Mumbai
Building	138.13	149.04	133.68	155.17	135.27	147.25
Bridges	141.06	149.21	136.87	160.28	138.87	150.97
Dams	135.02	145.47	133.40	149.52	135.83	146.89
Medium Indu.	145.17	150.97	138.34	159.61	137.81	155.00
Maintenance	158.05	153.74	142.11	169.96	137.48	154.09
Roads	143.39	149.13	124.53	149.19	145.92	145.96
Mineral Plant	136.85	148.70	135.74	151.91	135.73	148.92
Urban Infra.	146.78	143.94	137.96	164.80	135.71	154.13
Power	134.68	133.20	135.31	152.80	132.58	149.93
Railways	140.90	142.73	135.21	151.96	131.31	148.79
Transmission	141.14	148.78	132.42	152.19	131.80	149.93