

## A Human Resource Perspective of the Impact of Covid-19 on Construction Sector in India

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### Abstract

The status quo of the construction sector is one of the parameters through which a country's growth can be gauged. In India, construction sector is the second largest industry. It gives employment for a sizable population with its different activities. This industry mainly depends on the human resources for its activities. The workers can be categorized as either skilled or unskilled. Most workers in construction sector are under the unskilled category and their livelihood depends on the daily earnings and most who fall under this category are migrant workers. The migrant workers move from their native place to the construction location thus travelling hundreds or even thousands of kilometres for earning a living. In the current scenario, modern world is facing an unprecedented situation due to the novel coronavirus, the construction sector and its human resources are deeply affected. This study explores the impact of the novel corona virus on the construction sector human work force in India during the Covid-19 pandemic.

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### 1. INTRODUCTION:

Construction plays an important role in a country's infrastructure and industrial development. India is home to some of the famous buildings in the world hence Indian architecture and construction sector's reputation is second to none. As Human resource management has evolved from personnel management, the role of human resource management in construction industry has also evolved from a non-trivial division to a critical one to the growth of the industry<sup>1</sup>.

#### A. CORONAVIRUS

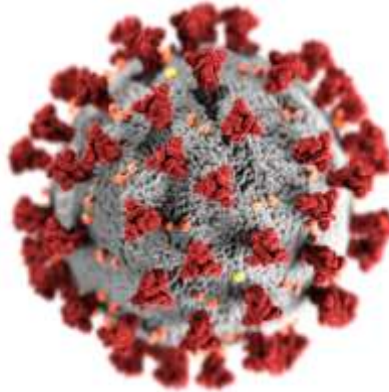
A small parasite, much smaller than a bacteria, that cannot reproduce by itself is termed as a virus. These viruses will attach to host cell surfaces and a favourable condition for spread is created. The spread is through the droplets which can come in contact with us through touching or breathing. Coronavirus was named after its crown like appearance as illustrated in figure 1. Now this virus has spread all over the world, making the entire world come to a standstill. This is called a pandemic as the spread is global and has affected a large population of the world<sup>2</sup>. A pandemic has the capability to spread fast to the entire world and can become the cause to scores of people dying. The minimum number of months to control a pandemic is three months<sup>3</sup>. As it takes months to control a pandemic the behaviour of people can get altered. Compared to events like tsunami and earthquake, a pandemic is long lived and also has a long term effect on the population<sup>4</sup>. When this was identified first at the Wuhan city of China in December 2019, no one anticipated an impact like what it has caused. The origin of this virus is still in debate. A few researchers say it originated from bats and

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infected people at one of the open air markets. This virus infects all age groups. Those above 50 years and people suffering with diabetes, respiratory problems, high blood pressure and heart diseases are more vulnerable to the infection with this virus.



Source: Centers for Disease Control and Prevention (CDC)

Figure 1: Illustration of Coronavirus

Now to prevent the spread of this virus, nearly all affected countries have announced lockdown and requested their countrymen to stay inside their houses. Governments have also directed the people to follow the following measures to stop this pandemic which is growing worldwide: maintain social distancing, avoid handshake and say Namaste, wash hands frequently with soap, use of sanitizer, wear mask while going outside, do not take medicine without doctor's advice, stay safe indoors, increase body immunity, and manage mental health.

This type of virus was identified first in human beings in 1965. Coronavirus causes cold, headache, high fever and respiratory problems causing more deaths than the SARS viruses. Around the world, the total number of confirmed cases and the number of deaths are as mentioned in table 1. Many countries like United States of America, China, India, France, UK, Israel and Germany are ahead in the process of finding a vaccine for this outbreak.

**Table 1: Corona Virus impact around the world as on 29/07/2020 4:25 P.M. IST**

Total Corona Virus Cases	16,922,458
Total Recovered Cases	10,485,780
Number of Deaths	664,172

Source: Worldometer

### ***B. INDIAN CONSTRUCTION INDUSTRY***

The Indian construction industry comprises of about 200 firms in the corporate level. For construction work, there are around 120,000 registered Class A contractors. Thousands of small sub-contractors are in existence. A sub-contractor works for a main contractor. The construction work is headed by a project manager and supervised by a construction manager, architect and construction engineer apart from the mason, carpenter, plumber, electrician and painter<sup>5</sup>.

In India, the average wage given to an unskilled construction worker is less compared to developed nations. In India, mechanization is lower compared to developed nations and the low wage can also be one of the contributing factors for this as there is less incentive to move into a mechanized work environment<sup>6</sup>. Among other countries, with a population of around 1.21 billion, India figures second in the population table. Among the Indian population, 63.6% are in working age group category<sup>7</sup>. In this, around 16% of the population depends on building construction<sup>8</sup>. Hence; without a doubt the country's human resources are crucial to achieve exponential growth in the construction sector.

This is a huge industry involving construction of buildings, factories, bridges, roads and many other activities. Global Construction 2030 report predicts that by 2030, the volume of the world's construction output will grow by 85% with a major contribution from United States, China and India. Significant weakness is forecasted for Brazil and Russia, and excellent growth for Indonesia. With the growth in the industry the needs of the workers and the market is also changing, and there is also an increase in the number

of companies entering the industry<sup>9</sup>. Hence; to achieve competitive advantage, categorically, every worker must be trained in different areas to improve coordination and efficiency of the operations<sup>10</sup>.

## 2. HUMAN RESOURCE MANAGEMENT IN CONSTRUCTION SECTOR

This industry employs more human power compared to the other industries. Thus the lives of about 45 million daily wage workers are under question mark since the outbreak started. Usually when the workers migrate from one place to the other for construction work they go along with their families. They struggle for food, cloth and shelter. The women in that family also will go along with men for doing the building work thus providing an additional earning and support for their family. Every worker with their family stays near the construction site till the completion of the project. If one project gets completed they will move to the next new construction place. So they will not stay permanently in one place. They face the challenges of extreme weather conditions and work in high rise buildings. The working hours are also very long. The number of unskilled workers in this industry is huge in the lower work category compared to the other industries. The skilled worker must be trained to manage the unskilled labour and also should transfer critical knowledge related to the project to the workers under him<sup>11</sup>. A lack of skilled workers in a development project in Iran lead to damage to the project during an earthquake, hence; skilled workers and their ability to manage unskilled workers is critical to a project's success<sup>12</sup>.

The Human resource Department faces the challenges in recruiting, retaining and up skilling the workers in this industry. They also have to develop policies and strategies keeping in mind the changing needs of the employees. The workers feel more inclusive when the companies' policies are framed keeping the worker in mind<sup>13</sup>. But presently this is not the case and the following are the problems faced by most of the construction workers for a long time such as: meagre wages, no medical coverage, no insurance coverage, no work guarantee, lack of safety and security, health issues, skin problems, and mental stress.

## 3. CORONAVIRUS OUTBREAK IN INDIA

As the corona virus has started spreading fast all over the country, Indian government is putting its best foot forward to contain the spread. The government of India announced a nationwide lockdown since March 24, 2020. The Covid-19 threat made millions of workers return to their hometowns, before the lockdown was imposed, to avoid getting this infection. Thus travel, trade and business activities have been affected. Like other sectors the construction sector has seen a major fallout. State borders got closed. With no public transport available, movement from one place to the other has been affected. People who were not staying in their homes got stuck in various locations and find even day to day living difficult. Due to the non-availability of the transports some people started walking to their native places day and night defying the government's order to not travel. Though state governments took necessary measures for the survival of the migrant workers in their work location the fear of the virus and the fear of an unpredictable future made them leave to their native places. Some governments even made transport arrangements for their safe return to their native towns even amidst the lockdown. The total number of coronavirus confirmed cases, recovered cases and deaths in India and its top 6 affected states are mentioned in table 2 and table 3.

**Table 2: Coronavirus impact in India as on 29/07/2020 4:25 P.M. IST**

Total Corona Virus Cases	1,535,335
Total Recovered Cases	989,878
Deaths	34,252

Source: Worldometer

**Table 3: Top 6 Coronavirus affected states in India as on 29/07/2020 8 A.M. IST**

State/UTs	Confirmed	Active	Recovered	Deceased
Maharashtra	3,91,440	1,44,998	2,32,277	14,165
Tamil Nadu	2,27,688	57,073	1,66,956	3,659
Delhi	1,32,275	10,887	1,17,507	3,881
Andhra Pradesh	1,10,297	56,527	52,622	1,148
Karnataka	1,07,001	64,442	40,504	2,055
Uttar Pradesh	73,951	27,934	44,520	1,497

Source: www.mygov.in

#### 4. IMPACT OF COVID-19

The lockdown in various countries across the globe has resulted in a financial crisis known as the 'Great Recession'<sup>14</sup>. The central and the state governments took various measures to contain the spread of this virus in the lockdown period. . In spite of this, the spread of virus is seen increasing every day making people's lives disastrous.

The pandemic has affected the population in a disproportionate way with the poor being affected more and facing an uncertain future. This shows the inequality and social exclusion existing in our society<sup>15</sup>. Millions of family members in this sector are striving very hard to lead a normal life every day in this tough time. The cost free monthly ration provided by the government is the only hope for running daily life. The migrant workers community also fear that they will run out of food as there is no work during the lockdown period. Many fear about the repayment of the loans they received. As their daily wages are less than Rs 500 savings is not possible during work period. Now without work the small amount of money they earned daily itself is not possible. Apart from food, the monetary need for their children's education and health care is posing a big threat to their mental health.

On macro level, PropEquity report states that there is drop of 67% in the sales and 81% drop in the supply of the housing units in the top 9 cities (Noida, Hyderabad, Pune, Thane, Mumbai, Chennai, Kolkata, Bengaluru, Gurugram) of India during the second quarter of 2020. The number of new launches also fell by 78% in the top nine cities in India. In the future, real estate may even face a drastic price fall and hence any buyer or investor can procure a house at an affordable cost. This will be a great opportunity to people who have high disposable income to increase their assets. According to Statista, India's construction sector had a contribution of over 2.7 trillion Indian rupees to the country's GDP in January 2019. It is expected that the future market size may be around 25 billion USD which is bigger in size and incomparable to the present size of 4 billion USD. Government's new announcements like Smart City development across India, increasing housing demands, low housing loan interest rates and people's liking to migrate to urban areas had favourable repercussions to the construction sector. With all these expectations the industry was on the rise but coronavirus shattered the growth. To stabilise their income amidst the restrictions posed by the lockdown companies are developing their digital capabilities for selling completed projects.

#### 5. HUMAN RESOURCE MANAGEMENT CHALLENGES

The construction industry should be ready for the new norm and be prepared to face the revived operational environment. Customer satisfaction is the most critical measure that defines the quality of a service<sup>16</sup>. As this industry operates with a huge man-power and a high weightage is given on quality training<sup>17</sup>, the following factors will be challenging when the work resumes: thermal scanning, social distancing, wearing mask during work, providing mask to every worker every day, sanitizing the work area, using elevators with limited persons, fumigating labour camps and organizing medical health care camps.

It is expected that if the pandemic progresses for a longer duration and subsequent lockdown is extended, the construction industry will face a very difficult situation including project delays and unemployment to millions of workers. The contractors too are experiencing uncertainty in their projects and work respectively. Construction workers will be left with no choice but to work even if they are sick for their daily earnings. If proper measures are not taken then it will lead to the spread of infection. Now it is highly important that new rules and procedures be devised and implemented strongly to take care of the construction workers in the site. But it is to be taken care that the new norms do not become a mental burden or a work hazard for the workers. After the lockdown, when workers return to the construction site, planning is required to ensure the safety of everyone. Any identification of a Covid-19 positive patient in the construction site will lead to a temporary closure of the site for 3 weeks or more. This impacts the work flow and adds high overhead costs<sup>18</sup>. Workers who went back to their hometown returning to work is uncertain hence even getting people to work within local level will be a big challenge. Projects may get cancelled and salary cuts are possible if the case further deteriorates. Face to face meetings are not possible and hence contractors and subcontractors doing projects will be affected in a bigger level. Companies are faced with less cash flow hence builders may go for new contract / project cost negotiations. Adapting to the new norms/work environment will take time and proper training on precautionary procedures will be critical. The physical and mental health of the workers must be monitored with regular check-ups. These critical challenges have to be addressed before resuming the operations in construction sites to improve the confidence of the workers on their employers and for creating a conducive environment to work.

## 6. FINANCIAL SUPPORT

Government of India is taking various steps to provide financial support to the unorganised construction workers. The government of India announced that Rs.520 million cess funds would be utilised to provide direct benefit transfer to the construction workers as a relief. The state governments also have been advised to use the money from the welfare board funds. But, not all the workers are registered members of the welfare boards. So, to tackle this bottleneck the government has planned “Mission Mode Project” to fasten the registration of the unregistered workers. The frequency of migration, low levels of awareness and literacy, and their nature of work which make them shift sites frequently are the main reasons for the workers being outside the fold.

Considering this crisis situation different welfare measures were announced by the central and respective state governments. The three worst hit states have responded with positive measures for the construction industry. For this lockdown period, the government of Tamil Nadu announced that it will provide Rs.1000 and Provisional items twice to the registered members of the welfare board. The Maharashtra government stated that it will provide Rs.2000 to construction workers registered with the welfare boards in the state. The Delhi government stated that the construction workers would be given Rs.5000 a month and it also stated that the number of night shelters will also be increased. Also governments have requested companies to genuinely consider and provide salary to the working group. Many voluntary organisations have also provided essential items to help these workers. The government has stated that a 6 months extension will be provided by the central agencies. The guarantees are to be partially released by the government agencies to such an extent that contracts are partially completed. There will be a six months extension of the registration and completion timelines for all the real estate projects. There will also be an extension of various statutory compliances under Real Estate Regulatory Authority (RERA).

Apart from the direct welfare measures for the construction industry there are also other measures by the government which will help the construction sector workers too, those are as follows:

- The government has increased the wage of MNREGA workers from Rs.182 to Rs.202.
- The government has granted an ex-gratia amount of Rs.1000 for 30 million senior citizens, widows and the disabled. This will be given in two instalments.
- An ex-gratia amount of Rs.500 has also been granted by the government for 3 months to women Jan Dhan account holders. This measure has been expected to benefit 200 million women.
- Women below poverty line who are under the Ujwala scheme will be provided with free LPG cylinders for 3 months. This measure has been expected to benefit 83 million families.
- The government has also increased SHG's collateral free loans limit to Rs. 2,00,000.

## 7. CONCLUSION

Since December 2019, countries around the world are functioning in an unprecedented environment. The revival of economic slowdown to pre-corona status quo is a challenge and a long process. The normal life has gotten disturbed and redefined. Lifestyle got changed. Work environment got reformed. New norms were introduced to lead everyday life. Though India is doing its best there is still a long way to go. The central government is taking various measures to ensure food, safety and security to everyone. The businesses in construction sector are facing operational crisis with restricted logistics, redefined working norms and a huge shortage on workers to work in the site. The government is supporting the sector with various schemes and policies to stabilise the current situation. But the project delays and cancellation, changes in work culture, job loss, and policy changes are inevitable until the coronavirus threat is eradicated.

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