

Revival Of The Indian Economy

And The Contribution Of The Construction Sector



Mr. Ramnath Velamati
ex-Chairman
AP RERA



The growth of the Indian economy has been gradually declining for the past several years on account of many reasons. The COVID pandemic has further impacted the economy of the country in addition to affecting the lives and livelihoods of millions of its citizens.

At this point in time a focused approach for the revival of the economy is the need of the hour.

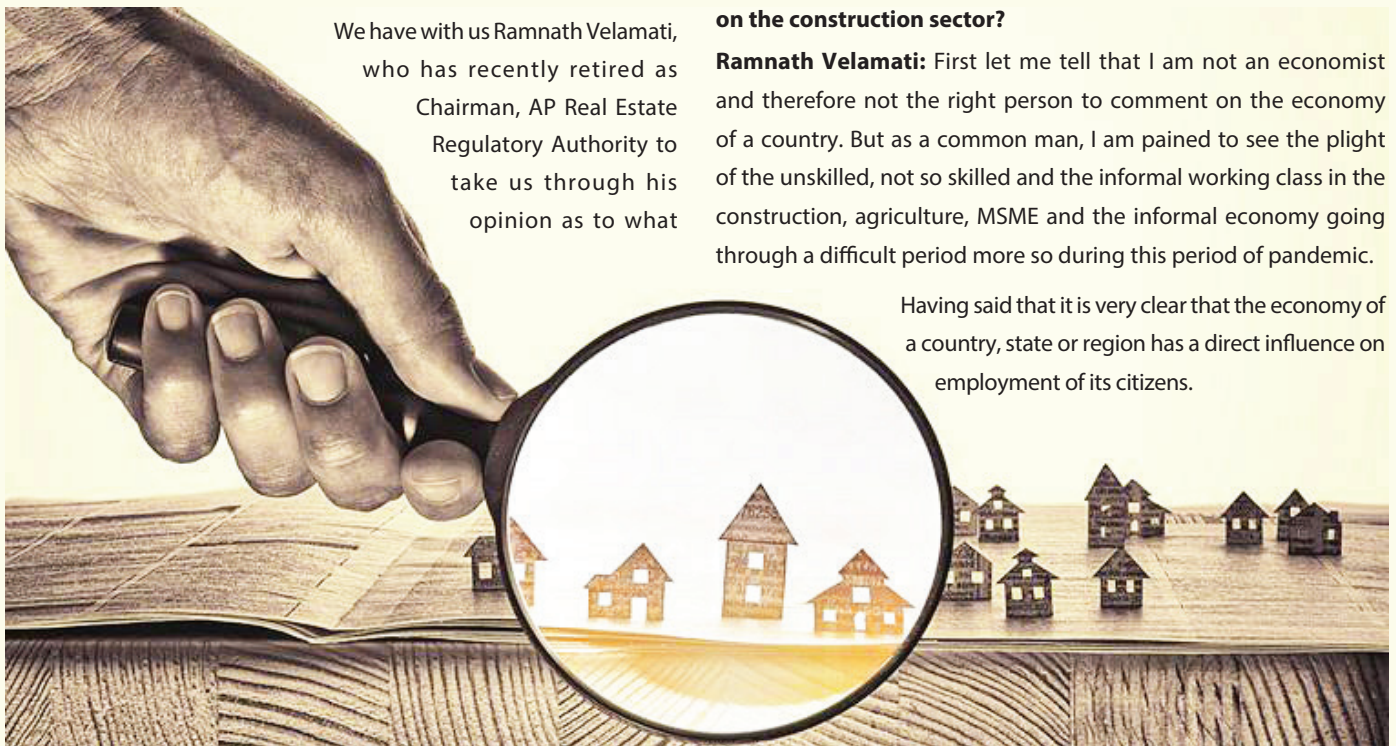
We have with us Ramnath Velamati, who has recently retired as Chairman, AP Real Estate Regulatory Authority to take us through his opinion as to what

should be done to initiate a recovery of the economy. We also seek his inputs on the performance of the Infrastructure, Construction and Real Estate sectors and the way forward to elevate India's construction sector to the global standards.

Civil Engineering and Construction Review: Mr. Ramnath, can you take us through your observations of the state of the Indian economy in the past few years and the impact of the pandemic on the construction sector?

Ramnath Velamati: First let me tell that I am not an economist and therefore not the right person to comment on the economy of a country. But as a common man, I am pained to see the plight of the unskilled, not so skilled and the informal working class in the construction, agriculture, MSME and the informal economy going through a difficult period more so during this period of pandemic.

Having said that it is very clear that the economy of a country, state or region has a direct influence on employment of its citizens.



It is therefore imperative that the government address this situation and introduce turnaround strategies on war footing not only to revive the economy but also ensure that every person is employed.

CE&CR: What is the role of the construction sector in the economy of any country?

Ramnath Velamati: From past experiences, we have observed that whenever countries have gone through a cycle of recessionary trends in their respective economies, the construction industry has always been the first segment of the economy to start the process of economic revival. It is the same in the case of India also. The Agriculture, MSME and Construction are the key pillars of the Indian economy contributing to large portion of the GDP in addition to providing employment to millions of workers. Therefore if a proper revival package is introduced, the Infrastructure, Construction and Real Estate sectors will be torchbearers to the revival of the Indian economy. The government has a major role to play in kick starting this revival especially the infrastructure sector. The government will be able to bring much needed cash flows into this sector if it mandates that all pending bills of the contractors be cleared immediately.

CE&CR: What has been your experience as Chairman of a state RERA?

Ramnath Velamati: The Real Estate (Regulation & Development) Act 2016 is one of the finest acts of the government addressing the concerns of home buyer's across the country and is designed to protect the interests of the home buyers. The sector however comprises of not only large and organized corporate companies but also small and medium real estate firms and organizations who are not ready to adapt to corporate style of functioning. This has caused an initial hesitation among the smaller players

but with the completion of 4 years since the Act. Came into force i.e. 1st May 2017, there is a wider acceptance and compliance.

Having said that, there is an impending need of the sector to upgrade their technologies and standards. Section 14(3) of The Real Estate (Regulation & Development) Act stipulates that the promoters/builders shall guarantee the quality of the buildings in terms of structural defect liability, workmanship and material for a period of 5 years after handing over the building for occupation. This can be achieved by the builders/promoters if they adapt to international practices.

CE&CR: Do you have any suggestions as to how the technology of the construction sector can be brought on par with global standards?

Ramnath Velamati: One of the ways is to create an induced demand for up gradation of technologies and methodologies. The government's policy in the automobile sector is a fine example of induced demand. By mandating that all automobile engines should conform to BSVI emission norms, the government ensured that world class technologies are adopted. Similarly in the construction space if the government makes it mandatory that all future buildings use pre-cast/pre-engineered/prefabricated/steel framed then it will bring all attention. (Production linked incentive) scheme can be introduced in this sector like a TLI (technology linked incentive) scheme to boost the investment in the industry in advanced technologies and machinery.



CE&CR: There is a regular mention that rapid urbanization that India is going through is likely to result in unplanned growth of our towns and cities and may create urban slums with unhygienic living conditions. Can you throw some light on how this eventuality can be addressed?

Ramnath Velamati: The main reason for people to migrate from rural and semi-urban areas to urban cities and towns is in search of employable opportunities besides an incentive for better education for the children and medical facilities for the elderly and people requiring medical attention.

The first step to reduce migration is to create employment opportunities outside the cities. The government can plan to build clusters of economic activity and build integrated townships around the clusters to create a “walk to work” environment. This will be big boost for the construction sector and lead to a healthy contribution to the country’s economy.

CE&CR: The Pradhan Mantri Awas Yojana (PMAY) has been formulated with an intention of providing “Housing for All”. Do you think that this has helped the construction sector?

Ramnath Velamati: I had the privilege of heading urban housing programme of Andhra Pradesh and I can say that the scheme is an excellent programme. This couple with the ARHC (Affordable Rental Housing Complex) scheme introduced last year will go a long way in providing affordable housing and dormitories to one all including migrant labour.

The government, however, has to insist on technology standardization and material and product standardization to achieve an economy of scale to offer the housing at more affordable costs. The scheme tenure is up to 31st March 2022.



I hope the government will be proactive and extend the scheme to benefit more needy people.

CE&CR: You have just retired as Chairman Of AP RERA. Do you have any plans to contribute further to the Infrastructure, Construction and Real Estate sectors?

Ramnath Velamati: I joined the government service as a lateral entrant after being in private sector for more than 35 years. This combination of private sector business experience and exposure to government systems and procedures have enlightened me to an extent that I am more confident is using my domain knowledge for the betterment of society.

Post retirement I am involved in two activities. As the Managing Trustee of Empower MSME Trust, I have been assigned the task of conducting a “National Demand Assessment Survey” for setting up India’s largest and world class industrial and trade park for the construction industry by government of Punjab.

I am thankful to the Punjab government for having recognized the importance of the construction sector and planning to build a large park to address the needs of the sector. I am sure that the industry will appreciate this initiative by the government of Punjab and support this unique park.

Further I have promoted a new company Digital Roof 4.0 to partake in the transformation of the construction sector to the global standards of Industry 4.0.

Digital Roof 4.0 as the name indicates is attempt to bring in buildings (Roof) which digital technologies to meet the global standards. ■

