



Building activity is booming across the country, with constraints on growth imposed only by skill shortages

# Manpower problems build up in construction

**TRENDS** Civil engineers are suddenly in great demand, but Indian building contractors find that there are not enough of them

RAJIV SHIRALI

A survey last year by Ma Foi Consultants Ltd, a Chennai-based executive search firm, revealed a 19 per cent shortfall in the supply of civil engineers needed by the construction industry. The problem, says E. Balaji, chief operating officer of Ma Foi, is that civil engineers either want the air-conditioned comfort of an IT job in India, or are taking up lucrative jobs in the Middle-East.

Says Atul Punj, chairman and managing director of Punj Lloyd Ltd: "Considering that the construction sector saw no movement in the demand for civil engineers right from 1947 until five years ago, there has been a lot of diversion of talent to other areas. Now there is more demand for them in India, North Africa, the Middle East, etc."

As a result of the shortage, Balaji explains, three things have happened: "First, companies that earlier had stringent qualifying

standards have now lowered the bar (for example, they no longer insist on a first division and settle for a second division). Second, they are no longer insisting on candidates being engineering graduates- holders of engineering diplomas are good enough. Third, salaries in the construction industry have gone up by as much as 20 per cent in the past year, while annual increases would be no more than 5-6 per cent earlier."

In a bid to attract engi-

neering talent, construction companies are trying to match entry-level salaries of IT firms. With order books full and flush with cash, the organised component of the industry, says Balaji, is throwing money at the problem. Punj however is hopeful of a solution emerging in the medium term. "I think this situation will last for another two or three years, and then things will iron themselves out."

Significantly, however, Punj has as many as 300 foreign work-

ers from 11 countries on his Indian projects; this is fully 10 per cent of his workforce, and he expects the proportion to double in due course.

Punj also points out that his company spends a lot of time and energy on training people "to bring them up to our best practices." The importance of training is a recent phenomenon, since the National Highways Authority of India (NHAI) began insisting in the 'nineties that at least five per cent of the staff of pre-qualified bidders should be trained and certified. The Planning Commission has since raised that target to 10 per cent in 2007 and an ambitious 25 per cent by 2012, points out Rajesh A R, vice-president (temp sourcing division) at Team-Lease Services Pvt Ltd, a Bangalore-based staffing solutions firm.

With low entry barriers, the construction industry has traditionally comprised of mainly self-employed individuals (largely employing unskilled and semi-skilled workers), and a handful of organised listed players. But the recent insistence of 'owners' such as NHAI and others on better quality and detailed technical specifications has brought in greater mechanisation, says Rajesh, which in turn has increased the demand for skilled human resources. Salaries have gone up too.

There are now more opportunities for site engineers and managers, project managers, procurement engineers, financial controllers and surveyors. IT skills, earlier played no role in the construction industry. Now, with project monitoring being done in real time, civil engineers do need such skills, says one HR head.

"If current trends continue, the demand for skilled labour will go up further. And naturally, so will salaries," notes Rajesh.