

# Analysis of Unethical Practice in Indian Construction Industry

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*Abstract - The construction industry in India makes a significant contribution to the national economy and provides employment to large number of people. In spite of its contribution the construction industry was affected by number of problems. One of these pressing problems was the unethical behavior of professionals in construction industry, which affects long-term business dealings and influence quality, time and costs. Most of the Indian construction firm has not utilized the legal requirements in the construction site. Unfortunately the industry was seriously infected with corrupt and unethical practices, which lay major obstacles towards growth and productivity of the industry. At the end it affects the national economy which has the direct influence to the national growth. The problems associated with the unethical practices in a construction firm at different level are discussed. Practical difficulties in adopting the legal issues and ways to avoid these problems were discussed.*

**Key Words:** unethical practice, legal requirement. Recommendation etc.,

## 1. INTRODUCTION

The involvement of several professionals bodies in a project can invites more problems. The important of this study is to identify the unethical conduct by the professionals in Indian construction industry. Professional institutions and government agencies play a crucial role in minimizing ethical lapses in the construction industry. Accordingly, it was necessary to analyze the present unethical behavior situation to be familiar with the means to solve and get guide these problems arise from these unethical behavior. These activities affect the national economy which has the direct influence to the national growth.

### 1.1 Scope and Objective

The primary objective of this study was to study the existing unethical practices in construction industry at different level of organization and to gain knowledge regarding construction laws and regulation

adopted in the construction industry. This goal was through following objectives:

(i) To identify the reason behind this unethical practices.

(ii) To identify the ways to avoid/reduce the unethical practice in the company.

## 2. CASE STUDY ON UNETHICAL PRACTICE IN A FIRM

A detailed analysis has been done in order to figure out the unethical practice in a construction industry. A comparative study has been made out between two construction site of same client and same contractor. The changes happened and unethical practice in that firm has been recorded. The following topics would explain the concept in detail.

**Table -1:** Project detail

CATEGORY	1 <sup>st</sup> Project	2 <sup>nd</sup> Project
TYPE	Commercial	Commercial
BUILD UP AREA	10,185(sq.mt)	9000 (sq.mt)
TOTAL COST	127 cr.	87.cr.
DURATION	2 years	16 months
NO.OF.FLOORS	G+12: b -1	G+13: b-3

### 2.1 Safety Department

The safety related issues, unethical practices and its effects were discussed under this chapter by comparing the safety management of two different sites of same contractor and client.

1. Lack of PPE
2. Safety policy not updated
3. No labour tests
4. Usage of tobacco inside the site
5. Fire protection was low at site
6. Flexibility in work permits
7. No tool box meetings
8. No welfare measures
9. OSHA was not fully followed.
10. Ambulance facility was not provided at site
11. Fitness of equipment is not maintained
12. No proper debris disposal.
13. No display of notice board regarding safety
14. There is no canteen facilities in Lynx site
15. There was no bathroom and toilet facility in site for labors.
16. Sudden implementation of safety rules before award inspection.
17. No proper edge protection due to Peri shuttering.

### 2.1.1 Recommendations

1. Top management commitment was necessary to achieve 100% excellence in safety department. The safety policy should be implemented and should not be deviated at any cost.
2. The company should allot separate fund for the enhancement of safety department.
3. The Client and PMC should have their own safety team to monitor the safety aspects in site.
4. Training sessions should be conducted for labours, regarding the necessity of PPE. OSHA guide lines should be implemented.
5. Safety team should not be under the control of project managers. They must be performed as an independent body and they must report only to the higher officials.
6. Smoking and usage of tobacco should be prohibited and display of notice boards in local languages is mandatory at site.
7. Regular tool box meeting has to be conducted and weekly safety meeting should be conducted.

### 2.2 Legal issues

The legal procedures play an important role from the start to end of the project. The company's administration department should monitor these legal

procedures for smooth work progress. But there are some legal problems faced by this firm. Some of the legal laws and regulations to be followed at site were listed below, they are

1. BOCW Acts 1996 & Rules ,2007
2. The petroleum act 1934 & The petroleum rules 2002
3. Motor vehicles act, 1988
4. The water (prevention and control of pollution) act, 1974 & rules 1975
5. Air (Prevention and Control of Pollution) Act, 1981
6. The Noise Pollution (Regulation and Control) Rules, 2000
7. CPCB Regulations- noise limits for diesel generator sets
8. Battery (Management and Handling) Rules, 2000
9. Explosive Act 1884 & Gas Cylinder Rules 2004
10. The Indian electricity act 2003 & rules 1956
11. Maharashtra fire prevention & life safety measures act 2006 & rules 2009

### 2.2.1 Recommendations

1. The company should follow the rules and regulations in reference to the labour welfare. At least basic necessary provision for labours should be followed as per rules in order to avoid the legal problems.
2. For that site, the size of the building could be reduced in order to carry on the project work, so that the building would be 75 m away from the lake.
3. If proper legal procedures adopted, then it reduce the corruption and bribery towards the Government officials.
4. The legal administrator should prepare the legal checklist and it must be followed at site. All the rules and regulation cannot be implanted as per the legal register. There were certain practical difficulties in implementing these rules. The organization should frame the mandatory checklist to be adopted basic rules at site.
5. Adopting of these rules will increase the cost of construction, the contractor and client should bear this extra cost to fulfill the legal regulation. The involvement of top

management plays an important role this process.

### 2.3 Execution Department

The execution department includes finishing, earth work, steel work; external development departments. The unethical practice in execution department would cause direct effect on the cost of construction. The unethical practice would exist between

1. Client and Contactor
2. Contractor and PMC
3. Contractor and Sub contractor

The unethical practice at site were given below

1. Increased in scrap steel percentage would lead to debit for contractor. To reduce it, some malpractice in steel quantity has been done. The excess quantity would be used for other sites(internal transfer)
2. Changes in BBS at site. The BBS was a huge problem at site, it may cause the variation in steel quantity in billing and at execution.
3. Following the non revised drawings to increase the quantity of material in billing.
4. Subcontractor salary has been awarded on the basis of piece work. The amount would be given to subcontractor on the basis of piece work. Most of the subcontractor were illiterate by using this, the contractor reduce the quantity of work down by the sub-contractor.
5. The contractor can hold 5% of amount to the subcontractor. At the end of the project the amount would be released but not sure that entire 5% is released. No interest rate was given.

#### 2.3.1 Recommendations

1. The PMC should be strict towards contractor to identify the malpractice at site.
2. The BBS should be cross checked at all level to avoid the deviation in steel quantity.
3. The quantity department of both Client and PMC should arrive the quantity of work prior to execution, so that it could be cross checked with exact quantity made by contractor.
4. The billing department of client should cross check every bill to avoid deviations.
5. A separate account should be maintained to check the steel quantity in steel yard.

### 3. REASON FOR UNETHICAL PRACTICE

1. Lack of involvement of PMC to monitor this process.
2. BBS not taken care by Client and PMC, which has more problems in execution.
3. To finish the work in quick time. In case of fast track construction, these unethical practices may often happen.
4. There may be chance of manual errors, so they try to hold the savings in materials. To save materials, they use these types of malpractice at site.
5. Uncertainty of profit prediction. The uncertainty in construction field makes difficulties to the contractor to fix the profit margin. It forces the contractor to make higher profit as possible when situation favors.
6. Lack of staffs in PMC and in client team would make way for the unethical practice.
7. Negligence in inspection was one of the main reasons for unethical practice in construction industry.
8. The organization must frame the ethical policy, in order to increase the company reputation.
9. The lack of knowledge in ethical principle was one of the reasons for these unethical practices in Indian construction industry.
10. Less tender quoted amount and high retention amount would force the contractor to make profit by using unethical practice.

### 4. CONCLUSIONS

This project concludes by showing the necessity of ethical policy for the construction company. It shows a brief explanation regarding the actual scenario happening in the construction industry. It helps a project manager to monitor the malpractice at construction site. These issues could fit to every department at every level for a construction company. The requirement of legal requirement and ethical principle were shows the necessity for construction company to avoid or reduce the unethical practice.

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