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 ijirset@gmail.com

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Issues in Indian Subcontracting

Pradnya Bansode, Amarsinh B. Landage

Student, Department of Civil Engineering, Government College of Engineering, Karad, India

Department of Civil Engineering, Government College of Engineering, Karad, India

ABSTRACT: Nowadays, subcontracting constitutes an important for development of work and activities on site. It is proven by the everyday economic facts that for use of resources, subcontracting system is very efficient and economical. A contract between the two parties is crucial for smooth operation, therefore this legal agreement should include all the terms and conditions that are relevant. However, there are still a lot of problems with subcontracting methods on both the sides of the prime contractor and the subcontractor. Numerous problems were discovered during the survey, but the most significant ones related to payments, failure to follow the terms and conditions of the agreement document, disagreements over bids and tenders, safety, etc. Additionally, the contractor encounters a number of issues, including choosing a suitable subcontractor, poor work quality, a delay in finishing the job, failure to adhere to the agreed-upon timeline, etc. This paper addresses problems with subcontracting through a questionnaire survey and offers solutions.

I. INTRODUCTION

The subcontracting model of project organisation is one of the defining features of the construction industry. Currently subcontracting way of execution of work on site is trending on large scale. Nowadays, subcontracting constitutes an important for development of work and activities on site. For huge building or a structure to construct, a lot more activities are involved and therefore for the prime contractor it is not easy to handle everything singlehandedly, so it becomes inevitable to appoint a subcontractor. The subcontractors appointed for a work on site are the persons or firms that are specialised or hold a good command in that very specified work assigned. It is proven by the everyday economic facts that for use of resources, subcontracting system is very efficient and economical. Also hiring a new team or employer for full time is not economical for the company, also purchase of heavy equipments and machinery for a single time use is no feasible. Therefore, a prime contractor always goes for subcontracting. Works such as steel works, construction of lift ducts n installment, surveying of sites, underground works, electric work etc. can be subcontracted.

When subcontracting is involved, a legal agreement of all the terms and conditions involved should be present i.e., a contract is very important to be done between the two parties for an easy functioning on site without intermission. But still there are many issues that arise in subcontracting practices both on prime contractor and subcontractor sides. This paper deals with the issues and recommendations for the issues in subcontracting.

II. LITERATURE SURVEY

Subcontractors are crucial for the successful completion of the majority of construction projects, especially the large and complex ones, but there are other factors as well, including the general contractors' payment schedules, subcontracting bonds, the selection process for subcontractors, site safety concerns, productivity issues, and partnering agreements with the various parties. Thomas E. Uher claims that a large number of non-standard and contractor-based subcontract conditions exist in the Australian construction sector, which puts the subcontractor at danger of legal liability and financial loss. To reduce risks and increase output, it is advised that clients participate actively in the relationships between the principal contractor and the subcontractor.

In India, authors like Dr. Namdeo A. Hedao, K. Kowshik, K. Deepak, Fazlur Rahman, etc, have studied subcontracting, its management and issued related to subcontracts. Their study attempts to examine the roles of each partner and the distribution of risk in subcontracting management as it relates to residential project performance, safety, productivity, and quality.



III. DATA PROCESSINGS

The data was acquired by a questionnaire survey among the subcontractors and contactors where their replies were collected in rating form i.e., 1 to 5 where 1 is equivalent to not an issue and 5 is equivalent to major issue. In table 1, some of the questions are listed.

Table 1

Questions	1	2	3	4	5
Selections of subcontractor					
Delay in completion of work					
Commitment to contract conditions					
Quality of work					
Following to schedule of work					
Payment issues					
Improper contract conditions					
Safety on sites					

Through the survey many issues were encountered but major were concerning money related problems i.e., payments to subcontractors, non-adherence to the terms and conditions of the agreement document, bidding and tender disputes, lack of safety equipments to the subcontractors etc. Also, the contractor faces many problems like selecting an appropriate subcontractor, lack of quality of the work, delay in completion of work, not following the assigned schedule, not sticking to the contractual terms etc.

Recommendations

- Contractual workers are suggested to choose the subcontractors as per their prior experience, and capacities as far as works, hardware and relationship with their previous

contractors. As these things assure the dedication of the subcontractor to the agreement conditions and finishing the works as per the time plan and accomplish the best quality.

- For the payment delay issue time limit should be incurred like of 7 days for the owner to make payment to the contractor and 15 for the contactor to further pay to the subcontractor. If delayed further penalty and necessary action should be taken. Contractual workers are prescribed to issue the monetary installments to the subcontractor on the due time, buy the required materials and pay for the works on time.
- Before undertaking the work, temporary workers are required to review the work with the subcontractor to establish the agreements and separate obligations. Before commencing, there must be enough time and attention to assess the nature of the work and make sure that any problems and omissions are covered as completely as possible. The subcontractor should get written instructions outlining the initial scope of work and any additional work identified as a result of changes. The subcontractor can increase their pay at a reasonable rate in accordance with the additional work.
- A safety officer should be hired by the prime contractor. Make safety a priority in the building contract. Demanding that all bidders produce safety documents along with their bids is essential for a project to be completed safely. Mandatory reports on safety meetings, inspections, and investigations into accidents & creation of a job hazard analysis should be done. Submission of an individual project safety plan (& emergency plans) should be made obligatory.
- Subcontractors are prescribed to utilize adequate number of qualified specialized staff with fitting background of the venture and to set up every single required material and gear keeping in mind the end goal to have the capacity to stick to subcontract prerequisites and time.



- To be able to adhere to subcontract requirements and deadlines, subcontractors are required to use an acceptable number of trained, specialized workers with the necessary background for the project and to set up the necessary materials and equipment. There should be a penalty clause included in the specialized subcontract agreement for delay and damages so that the subcontractor complete the work on time.
- It is vital to have formal subcontractor procurement standards. By creating a subcontractor database, the principal contractor has greater knowledge about subcontractors. It enables prime contractors to gain a better understanding of the dependability of subcontractors. Quality policies and practices should be implemented for the quality strategy. The subcontractor is required to acknowledge and use the quality policies as a benchmark for their work. It is important to stop the complaints of low quality. Also are prescribed to hold fast to quality guidelines through utilizing experienced works, great materials, supervision of materials and works, actualizing the engineer's directions and doing the healing works.
- It is advised for subcontractor to use written agreements that clearly define obligations and protect everyone's rights.

IV. CONCLUSION

Subcontracting is a major part of construction industry and major and minor, both the projects need sub-contractors. From the survey done, most problems and insecurities are faced by subcontractors than the main contractor, such as payment issues contractual agreement issues, safety on site for the subcontractors etc. In order for a project to be successful, fair subcontract conditions are essential because subcontractors typically contribute significantly to the actual construction. Bankruptcies of subcontractors, a rise in claims and disputes, project delays, and cost-cutting efforts that compromise quality are just a few of the ways that the prevalence of unfair subcontracting practices may increase the risk to the client.

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