



## Consulting Engineers Association of India NEWSLETTER

JUNE 2020

[www.ceai.org.in](http://www.ceai.org.in)

FROM THE

### PRESIDENT'S DESK



IN THIS

## ISSUE

DEAR FRIENDS,

The COVID pandemic is here to stay, for some time, and we must all learn to accommodate the New Normal.

CEAI GC has been adjusting its functioning, taking the change in its stride, as all of you must be doing for survival and moving forward in life!

Taking into account the problems facing the construction industry, and correspondingly the

Engineering Consultancy fraternity, events are being organised through webinars for creating awareness and sharing knowledge on this new communication platform.

This month we had the theme "The time has come for TAKING CONSULTING ENGINEERING FORWARD", on which you will find a report inside. The webinar was very well participated and feedback on the deliberations extremely encouraging.

This month the subject of the webinar is "Investing in Remote Working by Small companies", and will be of great interest for individuals who have chosen the option of Work from Home.

We would welcome your views on desired themes for future events.

Your GC have taken upon itself the task of approaching the authorities that appoint Consultants and pursue the cause of the fraternity. Results have started coming and some of the efforts have been reported inside. We are happy to find that authorities are concerned with the problems the industry is facing and are eager to be of help.

Again we shall be happy to know from you, members, of particular issues that are hurting our interest, such that we can broaden the thrust we are making.

The biggest sufferer in the pandemic has been professionals and our staff members, who have not been able to attend to their tasks and responsibilities because of the lockdown.

We call upon all our members to be understanding and sympathetic so that the biggest asset of the country for its development and growth, our trained manpower, does not get demoralised.

We have to come out of this unprecedented calamity stronger and victorious, and convert this challenge into an opportunity to prosper in the long run. Our solidarity can be our strongest ammunition!

Warm regards,

Amitabha Ghoshal

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REPORT ON WEBINAR ON THE TIME HAS COME FOR "TAKING CONSULTING ENGINEERING FORWARD"

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NEXT WEBINAR ON 'INVESTING IN REMOTE WORKING BY SMALL COMPANIES' ON 18<sup>TH</sup> JULY 2020

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REPORT ON THE MEETING (ON-LINE) WITH SHRI PIYUSH GOEL HON'BLE MINISTER FOR COMMERCE AND INDUSTRY ORGANISED BY SERVICE EXPORT PROMOTION COUNCIL (SEPC) ON 23<sup>RD</sup> JUNE 2020

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NEW MEMBERS

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WEBINAR – PANEL DISCUSSION ON 'ROLE OF STRUCTURAL ENGINEERS IN POST COVID-19 SCENARIO'

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VIEW POINT

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## Report on Webinar on The Time Has Come For "TAKING CONSULTING ENGINEERING FORWARD"

Seeing the concern being voiced by the Consulting Engineering fraternity as a consequence of the pandemic - the lockdown that was adopted by the countries all over the world and the physical distancing norms that ensued, CEAI organised webinar on the topic *The Time Has Come For "Taking Consulting Engineering Forward"* on 19<sup>th</sup> June 2020. The Indian Association of Structural Engineers (IAStructE), the Association of Consulting Civil Engineers (India) {ACCE(I)}, the Institution of Engineers (India), (IEI), Delhi State Centre and NSS (USA) India Chapter, partnered with CEAI for the webinar. The intent was to make Engineers realize their place, status and role in the society and be ready to tackle the "Unknown Unknown" and help the society and the county to develop sustainably. Discussions accordingly revolved around

1. *Engineers - the backbone of the country*
2. *The Architecture-Engineering coherence*
3. *Legislation for Registration & Practicing for Engineers*
4. *Qualifications and Competence of Professionals - NBC 2016*
5. *Engineering for Growing Sustainably*

The panelists comprised eminent engineers Mr. V K Jayaswal, Director General, Central Public Works Department,(CPWD), Mr. Dinesh Kumar, Chairman, Delhi State Chapter, IEI, Dr. Aswath M U, President, ACCE(I), Mr. Manoj Mittal, Past President, IAStructE, Mr. Sanjay Pant, Head Civil Engineering, Bureau of Indian Standards, (BIS), Mr. Avinash Shirode President, NSS (USA) India Chapter, Mr. Amitabha Ghoshal, President, CEAI and Mr. A P Mull, Past President, CEAI. Mr. Anish Dayal, Advocate Supreme Court of India was also a panelist. The webinar was very well attended (1138 users connected) even though it was a working day. The feedback was very encouraging.

The Video of the webinar and Presentations made are uploaded on CEAI's website.

The link is <https://www.ceai.org.in/webinar-on-the-time-has-come-for-taking-consulting-engineering-forward/>

CEAI has also published a webinar video on YouTube.

The URL is

<https://www.youtube.com/watch?v=rNps9AKq4jw>





### NEXT WEBINAR

The next interactive webinar on *'Investing in Remote Working by Small companies'*, will be held on Saturday, 18<sup>th</sup> July 2020 starting at 11.00 am.

### REPORT ON THE MEETING (ON-LINE) WITH SHRI PIYUSH GOEL HON'BLE MINISTER FOR COMMERCE AND INDUSTRY ORGANISED BY SERVICE EXPORT PROMOTION COUNCIL (SEPC) ON 23<sup>RD</sup> JUNE 2020

#### Preamble

An SEPC – CEAI workshop on 'GLOBAL VISION 2030 - ENGINEERING AND CONSTRUCTION SERVICES – Challenges and the Way Forward' was held on 28th January 2020.

#### The Meeting of 23 June 2020

**Mr Piyush Goel**, Minister of Commerce and Industry (CIM) had a meeting with Central Governing Council (CGC) Members of the **Service Export Promotion Council (SEPC)** on 23 June 2020, along with officials of the Ministry of Commerce and Industry.

Mr Amit Sharma, Central Governing Council Member, representing Other Services, including the Engineering Services champion Sector, on the SEPC attended. Mr Sharma, Managing Director, Tata Consulting Engineers, a **Member Organisation** of Consulting Engineers Association of India (CEAI) duly represented the interests of CEAI. CEAI members gave their valuable inputs for the meeting. Twelve sector leads made presentations. Mr Sharma made a presentation on behalf of the Engineering Consultancy Sector. The presentation was created with inputs from the core team of CEAI representing the Consulting Engineering sector and various industry leaders - pan India.

#### The Presentation:

The theme was - India's aspiration of a \$5 Trillion Economy along with AtmaNirbhar campaign towards

a Modern India requires renewed thrust on CONSULTING Engineering & Design.

The points put forth at the presentation are given below:

#### Policy Refinements

- a) Consultants in India are suffering from poor cash flow and weak balance sheet. Projects are awarded on lowest cost (L1) basis. Business has become unviable on account of payment delays and the unsustainable payment terms which are not commensurate with the effort requirement or upfront expenses incurred viz., surveying, soil investigation, data collection, etc.
- b) There needs to be modifications in the mode of GST payment by Consultants where it should be payable only on receipt of payment and not at the time of invoicing.
- c) The need to adopt FIDIC contract terms, wherever feasible, in order to have a transparent and fair terms and conditions, to enable an ethical and professional ecosystem.
- d) The importance of having suitable prequalification criteria that can ultimately result in enhanced competency and competitiveness of Indian Consultants.
- e) Consulting tenders up to Rs 200 Cr across all sectors – to be solely for Indian consulting firms as lead consultant, with a maximum 20% partnership or consortiums with international players for fulfilling PQ or Key CV gaps. Where exception is taken there must be at least a 51% value of contract reserved for Indian Companies with the Lead Company to be Indian consulting company. A foreign partner, if required, to be brought in for necessary expertise not readily available in the country. This would facilitate knowledge transfer in niche sectors.

#### Domestic Formalization

- a) The Consulting Engineering Sector needs to be made part of National policy making. Formalising and strengthening the Consulting Engineering service sector with proper guidelines that ensure there is no dilution when similar services are offered by Audit, Strategy, OEM





- and Owner firms. An Engineers Bill is needed with careful analysis and providing appropriate safeguards.
- b) The definition of an Indian firm needs to be clear and unambiguous. It should mean a firm that is owned with majority board directors from India. The majority of the company ownership and shareholding shall be of Indian nationals only.
  - c) Eligibility of MSME registration should be only for Indian firms, such that with a defined path and time-frame they could grow and become self sustaining firms of global standards and repute.
  - d) Holistic Cluster approach to be adopted to enable strategic sectors like infrastructure, renewable energy, etc., to grow in India.
  - e) Government support for adoption of **Industry 4.0** tools, techniques and investments to be provided tax exemptions as R&D expenses under an Industry 4.0 promotion scheme -that will encourage sectors such as Consulting Engineering, Construction, Project Management, Smart Plant, Green Energy production, etc. to innovate and enhance their competitiveness and productivity
  - d) Similar to global practice, the Ministry of Commerce and Industry and Ministry of External Affairs need to facilitate and enable **Indian firms penetrate the international markets**. MITI-JETRO/JICA(Japan), DIT(UK), ITA(USA) are examples of such agencies overseas.
  - e) EXIM Bank Consulting Engineering tenders should promote both PSU and Indian Private sector players – for Exim Bank projects, ‘75% Indian Content’ needs conveyance to the recipient Country from Day-1 to facilitate their internal budget preparation.
  - f) Strengthen Indian consulting engineering play by instituting stringent offset clauses to be expanded beyond Defence sectors such as construction, Railways, Critical infrastructure, healthcare sectors, etc

#### *Further Discussions*

The online meeting with Mr Piyush Goel, CIM was quite productive as the participants managed to convey to the Minister and the Ministry its achievements, challenges, concerns and the scope of services exports. One of the items in the matter reg SEIS could not be conclusively discussed, as the CIM seemed convinced that the scheme as it exists at present is not feasible and needs changes.

Post the meeting a representation for continuation of SEIS benefits was also made. SEPC intends to get some positive progress on continuity of SEIS for the year 2019-20 and 2020-21. Presently, the notification for the year 2019-20 is on hold.

The interaction provided an opportunity for the services sector to highlight their diversity and contributions to the nation, its international footprint and future potential and to focus on the support requirement and much needed policy interventions to promote and grow the services sector. Further follow up on various points will be made with the Secretary, Joint Secretary, Director of the Ministry in the coming days.

#### **International Thrust**

- a) India must have a strong voice in WTO negotiations to have a more favourable position under the **CPC 8672X Engineering Consulting category** –as Indian firms have severe restrictions for international bids in Western markets –however international firms have unrestricted access to operate in India.
- b) Indian Consulting Engineering firms dealing in Knowledge Sector must be supported by schemes such as SEIS for export oriented incentives. Support is additionally required on costs related to specialized Engineering, software and hardware, international certifications, employee training, etc.
- c) To promote international benchmark working and trade, Foreign exchange earnings for **Consulting Engineers** should be TAX Exempt.



## CEAI INTERVENTION

CEAI has been pursuing various issues with the Government Departments with regard to the issues being faced by the Consultants.

### a) Recommendation for implementation of release of Performance Security

Ministry of Finance has issued several notifications as part of the economic relief package announced by the Government of India. This package was necessitated to mitigate the adverse disruption of economic activities in the entire country on account of the lockdown announced by the Ministry of Home Affairs (MHA). The relief package is aimed to facilitate the nations rebuilding process under the Aatmanirbhar Bharat Package.

In this regard CEAI invited the attention of Secretary (RT&H), MoRTH vide letter dated 1<sup>st</sup> June 2020 to the Office Memorandum No. F18/4/2020-PPD dated 13.05.2020 issued by the Ministry of Finance, Department of Expenditure, Procurement Policy Division, Government of India, wherein it has been directed as under:

- (i) *Where an application is made by a contractor/supplier who is not in default of any contractual obligations: or*
- (ii) *Where FMC is invoked by a contractor/supplier and the requirement of FMC are fulfilled, The Contractee (Government Department/ Agency) may return the value of Performance Security to the contractor/supplier as is proportional to the supplies made/contract work completed to the total contract value.*

CEAI submitted the following recommendations to the Secretary (RT&H), for seamless execution of this relief to the Consultants:

- With regard to the design & feasibility consultancy projects, the quantification of work completed for the purpose of release of proportional performance security should be derived on the basis of payments made to the consultants towards the invoices. The invoicing and payment milestone is a fair benchmark to ascertain the work completed.

- With regard to the consultancy services for supervision projects where consultants are paid on the basis of actual deployment against the contractual rates and man months, the computation of work completed should be assessed based on the actual cumulative amount billed in relation to the contract value taking into consideration approved extension of time.
- Internal implementation circular should include the following :
  - i) The phrase “performance security” as contained in the above referred memorandum should mean to include performance bank guarantee, retention money and security deposit for ensuring performance of the services.
  - ii) The custodian of performance security should be delegated with the requisite authority to compute the work done and return of proportionate performance security.

### b) Payments to the Authority Engineer towards Reimbursable Items

CEAI issued a letter to Secretary (RT&H), MoRTH on 3<sup>rd</sup> June 2020 and submitted the following remedial measures for consideration:

- Payment of Reimbursable Items must be de-linked from the Percentage of Progress of Civil Works and paid as per actual deployment, using the contractual unit rates.
- For payments beyond the original contract duration, EOT granted must cover both remuneration of staff and reimbursable items.
- On existing contracts, at the end of the original contract duration, the Consultants must be paid the amount withheld thus far towards the reimbursable Items, which has been admitted as expense incurred, but withheld as it has been linked to progress of work. In the EOT period, in addition to the remuneration, the Reimbursable Items should be paid on actual deployment basis.



### (c) MoRTH Circular - Atmanirbhar Bharat : Relief for Contractors/ Developers of Road Sector

The Circular dated 3<sup>rd</sup> June 2020 issued by Ministry of Road Transport & Highways (MoRTH) is reproduced below :

**Subject: Atmanirbhar Bharat: Relief for Contractors/Developers of Road Sector- reg.**

Reference: MoRTH O.M. No. COVID-19/Roadmap/JS(H)/2020 dated 18<sup>th</sup> May, 2020 regarding a Committee constituted for this purpose

Sir

After due consideration of the representations received from the Construction Industry, the Competent Authority in the Ministry of Road Transport & Highways has approved following measures for providing urgent relief to the contractors, concessionaires and developers of road sector in view of the prevailing situation due to COVID19 for immediate implementation by all the concerned agencies.

- (i) Retention money (which is a part of the Performance Security till construction period) is recommended to be released in proportion to the work already executed in accordance with the Contract specification and further retention money from the period from 03 months to upto 06 months may not be deducted from the Bills raised by the Contractor. For HAM/ BOT Contracts, Performance Guarantee may be released on pro-rata basis of that as provided in the Contract, if Concessionaire is not in breach of the Contract.
  - (ii) Extension of Time to Contractor/ Concessionaire for meeting their obligation under the Contract for 03 months to upto 06 months depending on site conditions.
  - (iii) Relaxation in Schedule H to provide monthly payment to the Contractor for the work done and accepted as per the specification of the contract during the month under EPC/ HAM Contract.
  - (iv) Direct payment to approved Sub-Contractor through Escrow Account.
  - (v) Waiver of penalty for delay in submission of Performance Security/ Bank Guarantee in new Contract entered into during March, 2020 to September, 2020.
  - (vi) To allow Extension of Time to Consultants i.e I.E/ A.E for 03 months to upto 06 months depending on site condition. During this Force Majeure Event, they may be considered as if they were on duty.
  - (vii) BOT/ TOT Concessionaire: Before CoD, the concession period of BOT contracts shall be extended by a period equal in length to the duration of 03 months to upto 06 months. Further for loss in collection of user fee, the concession period shall be extended by a period in accordance with the Contract till the time daily collection is below 90% of the average daily fee.
  - (viii) For all National Highway Tolling Contracts, loss in collection of fee may be compensated in accordance with the Contract.
2. After receipt of the proposal from the Contractor/ Concessionaire invoking provisions under FMC, the Authority Engineer/ Independent Engineer will examine and recommend for giving relief under the above measures to the Contractor/ Concessionaire by the PD/ Executive Engineer who will approve the relief measures as mentioned above.
  3. It is directed that all the measures indicated above shall be implemented by the executing agencies with immediate effect.

Yours faithfully,

(Ramandeep Chowdhary)  
Deputy Secretary to the Govt. of India  
Tel No: 23718575

### (d) NHA Circular on Reduced Rate of TDS U/s 194J

NHAI issued a circular on 23.06.2020 with regard to reduced rate of TDS u/s 194J. The circular is reproduced below for information:

#### CIRCULAR

**b: Clarification on Deduction/reduction in rate of Tax Deduction at Source (TDS) U/s- 194J-reg.**

1. On the above mentioned subject, it is to inform herewith that Finance Act 2020, has reduced rate for tax to be deducted under section 194J of the Act in case of fees for technical services (other than professional services) to two (2) per cent from existing ten per cent. The TDS rate in other cases under section 194J of the Act would remain the same at ten (10) per cent.
2. Further, Central Board of Direct Taxes (CBDT) recently has announced reduction in the rate of TDS by 25% vide its press release dated 13th May 2020, to deal with the economic slowdown situation arising out of COVID -19 pandemic. The new rates have come into effect from May 14, 2020 and will remain effective till March 31, 2021, i.e., till the end of the financial year 2020-21.

3. Now, considering the above, following is hereby clarified:-

**(a) TDS against Payments to IEs/ AEs/SCs:-** As per analysis of legal provision and judicial pronouncements, payments made to IEs/ AEs/SCs are in the nature of Fees for Professional Services (the transaction with IEs/ AEs/SCs should be read with question no. 30 of Circular No.715, dated 8.8.1995, issued by the CBDT, clarifying position on TDS in case of reimbursement of expenses. This circular clarified that in such a scenario, TDS should be deducted on the gross amount of the bill, including reimbursements, because **reimbursements cannot be deducted out of the bill amount for the purpose of tax deduction at source**) and therefore deduct TDS @ 7.5% (if transaction made between 14th May 2020 to 31st Mar 2021), on the payment to IEs/ AEs/SCs account.

**(b) TDS against Payments to DPR Consultant:-** DPR Consultants renders services of technical assistance in preparation of drawings or design, consulting and engineering services in the preparation of technical design, technical assistance in preparation of project reports etc., which is in the nature of Technical Services. Further, these services are not in nature of construction services and can't be termed as Professional Fees. Therefore, TDS should be deducted @ 1.5% (if transaction made between 14th May 2020 to 31st Mar 2021), on the payment to DPR Consultant.

**(c) Apart from above, it is to mention herewith that in case IEs/AEs/SCs/ DPR consultants are non-resident, then no benefit of reduced TDS rate given in Finance Act, 2020 and Press Release dated 13 May 2020 will be available and the rate of TDS applicable should be analyzed thoroughly and beneficial provisions either of Act or of DTAA should be considered.**

Further, it should be ensured that PAN details of the IEs/ AEs/SCs/ DPR consultants are available with NHAI. In the absence of PAN details, the provisions of section 206AA of the Act shall prevail i.e. in such a scenario the rate of TDS applicable would be flat 20% irrespective of the time period of the payment / credit to the IEs/AEs/SCs/ DPR consultants.

This is issued with the approval of Competent Authority.

(B. M. Rao)  
GM (Finance)

CEAI has already taken up the issue of reduced TDS for other services like AE/ IE etc.

### (e) Mid Sized / Medium Indian Consulting Engineers

CEAI sent a representation to Hon'ble Union Minister, Ministry of Micro, Small and Medium Enterprises on 26<sup>th</sup> June 2020, and submitted the following suggestions to support the MSME Sector:

- i) Define Indian Firms as those with more than 51% shareholding by Indian Nationals.





- ii) Only Indian Firms to be eligible to be registered under the MSME Category and draw the benefits that the Government provides to MSMEs.
- iii) Prequalification criteria on tenders to beset, keeping in mind credentials of “Indian firms”. Else, “Indian Firms” need to be necessarily in the lead with the possibility to add International Firms to have access to the Pre-qualification experience and the domain knowledge. “Indian Firms” must participate at a minimum of 40% of the contract value.
- iv) All tenders with an estimated fee of Rs 200 Cr. must be restricted for “Indian Firms” only.
- v) In line with the Finance Act 2019, the turnover limit of Rs.400 Cr (This turnover should be excluding the international earnings) be applied for a Medium Enterprise under the MSME Act, who will also be treated as Suppliers like Micro / Small Enterprises for the purpose of receiving their dues within 45 days of their billing.

## NEW MEMBERS

The following members have joined CEAI in May/June 2020:

### Life Members

**Mr D H Chary**

Hyderabad

Mob: 9866303746 Email: charydh@yahoo.co.in

**Mr S Arunachalam**

Chennai

Mob: 9840851991 Email: saruna48@gmail.com

### Member (Individual)

**Mr Vinod T Harisingani**

Mob: 9920432777

Email: tarachandvinod@gmail.com

### Affiliate Member (Individual)

**Dr Lakshmi Rawat**

New Delhi

Email: lakshmirawat@gmail.com

**CEAI extend a warm welcome to the new members and look forward to their active participation in the activities of CEAI.**

## WEBINAR - PANEL DISCUSSION ON “ROLE OF STRUCTURAL ENGINEERS IN POST COVID-19 SCENARIO”, ON 27TH JUNE 2020

IAStructE organised a Panel discussion on 27<sup>th</sup> June 2020 on the topic “**Role of Structural Engineers in Post COVID-19 Scenario**” to discuss about the impact of COVID-19 to Structural Engineering fraternity in the short, medium and long term range.

Mr Amitabha Ghoshal, President CEAI was one of the Panelists and Moderator for this webinar.

### *Panellists were:*

- Prof Mahesh Tandon, Past President IAStructE & MD, Tandon Consultants Pvt Ltd, New Delhi
- Mr Alok Bhowmick, President IAStructE & MD, B&S Engineering Consultants Pvt Ltd,
- Prof Reshma Shah, Associate Professor, FT - CEPT University, Ahmedabad
- Mr Arvinder S. Brara, CMD, Mantec Consultants Pvt Ltd, New Delhi
- Mr I. K. Pandey, DG(RD) & SS, MoRT&H, New Delhi
- Mr Anil Kumar Sharma, Former Special DG, CPWD, Noida
- Mr Vipul Ahuja, Vice President (North) IAStructE & Director & CEO, Ahuja Consultants Pvt Ltd,

## VIEW POINT

The June 2020 issue of View Point on the theme “New Materials and Systems in Building” is being finalised and will be issued soon.

The themes for the next two issues of Viewpoint would be:

- (a) **Stakeholder Management in Public Infrastructure Projects** (September 2020)
- (b) **Digital Engineering** (December 2020)

Considering the experience of CEAI members and various stakeholders in the subjects, CEAI would be happy to receive articles on the above themes.



Authors could share their knowledge and experience by providing case studies of the works executed or in execution, first-hand accounts of the challenges faced, practical issues experienced and the solutions to those, etc. Photographs, charts, diagrams, drawings, etc. would benefit our readers for better appreciation of the issues encountered and addressed.

The articles for an issue need to reach CEAI at least 6 weeks prior to the end of the month of the View Point issue.

Articles need to be in Times New Roman 12 with single line spacing with before and after 6 pt and normal margin on A4 size. A recent clear and bright passport size photograph of the author is to be sent along with the article.

#### Advertisement in View Point

VIEW POINT is circulated to all CEAI Members, FIDIC, Ministries of the Government of India, Public & Private Sector Undertakings, Construction Firms, Contractors, Consultants, Foreign Missions and Funding Institutions in India and other organisations related to or dealing with the engineering profession.

#### Advertising in the VIEW POINT gives the advertiser wide exposure and visibility.

Support from CEAI members and stakeholders are sought in increasing the number of advertisements, such that View Point gain in its stature as an unique Technical Publication.

The rates for advertisements in VIEWPOINT are given below. This is excluding GST @ 5% or as prescribed, which will be extra:

Item	Rate Per issue* (Rs)	Discounted rate at 20% for 4 consecutive issues* (Rs)
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Inside Front Cover ***	15,000/-	48,000/-
Inside Back Cover	15,000/-	48,000/-
Full Page	10,000/-	32,000/-

*\*GST @ 5% or as prescribed will be added to the above rates.*

*\*\* Back Cover booked till Sept 2020*

*\*\*\*Inside Front Cover booked till June 2021*