CHAPTER - IV

CONTRACTORS AND THEIR ASSOCIATION

The previous chapter has dealt with the objectives of the study, the hypotheses that have been formulated for testing, selection of sample, period of the study, method of data collection, application of statistical tools for analysis of such data, and limitations of the study. The present chapter deals with a brief history of public works in our country with which the contractors are so much associated, the process of awarding such works, the role of contractors in economy building, the nature of their work force, categories and classes, the process and rules of enlistment, the emergence of Association and functions of BZTS in particular.

4.1. Brief History of Public Works in India

The execution of public work has been an organized function of the state from times immemorial in our country. Archaeological findings in Mohan Jodaro and Harappa have revealed that the building traditions of India were prevalent even during 3,000 BC. Kautilya’s Arthashastra, one of the immortal works on Government functions and politics, written as early as 300 BC, speaks of Officers of the State in charge of finance, public works and royal correspondence. This ancient book contains details of the layouts of villages, townships, and forts, the width of roads, charlet roads, royal roads, and roads leading to Military stations, of gardens, groves and forests, burial grounds, etc., which remind us of the fact that ideas of modern town planning are not really as modern as we
have thought. The tradition for construction activities continued in the
times of Ashoka the Great and the Khilji Kings. The Moghul Kings
maintained the tempo of building activities, in the shape of well-designed
townships, palaces and forts and memorials. The last two great Hindu
Empires of India, the Vijayanagar Empire and the Maratha Empire had
also their glorious building traditions. In the South, the great Pallavas,
Cheras, Cholas and Pandya Kings carried on the great artistic and
building traditions in India.

During British rule, the East India Company, though primarily a
trading concern, had a general Civil Service for attending to diverse
duties of administration. As a result of the Industrial Revolution in
Europe in the 18th century, the working of the Company underwent close
scrutiny and criticism. The need for construction of roads, railways and
irrigation works etc. came to the forefront. Public works like roads,
buildings and irrigation were entrusted to the charge of Military Boards in
all the three Presidencies of Calcutta, Madras and Bombay. This
arrangement continued till about middle of 1850. In 1849, when the
Punjab was annexed by the British, a Department of Public Works was
created for the first time. With the success of the Public Works
Department (PWD) in Punjab, as distinct from the Military Boards,
similar Departments were set up in Bengal, Madras and Bombay in 1854.
This was the beginning of the PWD in West Bengal. Since then the
Department basically has been responsible for providing adequate
infrastructural support for both original and repair works to all the
departments directly under the Government of West Bengal (in the case
of West Bengal) as well as different semi-Government and Government
Undertakings etc. so that they can successfully deliver their assigned
services by the joint venture of engineers in the Civil, Electrical,
Mechanical, and Architectural Wings. The aim is to bring in and integrate the expertise and combined knowledge of engineers, Civil, Electrical, Mechanical and Architecture wings to bring out the most effective results. PWD's ventures include Buildings, Roads, Bridges, Electrification, Street and Bridge Lighting, Sanitary Plumbing, Air Conditioning, Lifts, Water Supply, Intelligent Fire Fighting (including smoke detection), D.G. Sets, Sub-station etc. With the formation of Local Boards such as District and Municipal Boards in 1872, a number of works were transferred to these bodies. Since then much of the development has been taking place through Municipality bodies (in case of urban areas) and Gram Panchayats (in case of rural areas). It is important to understand how the public works are carried out in our country. This will eventually lead to the point at which entry of contractors takes place.

4.2. Flow of Public Works

In the next few pages an effort has been made to delineate the usual flow of public works. This discussion also points out the stage at which the contractors enter into such works and the process through which works are awarded to them. Such work flow is shown with the help of figure 4:

Figure 4: Flow of Public Works

- Receive requisition for a job & preparation of proposal
- Prioritize the proposals
- Preparing the drawings
- Initial Estimate
- Approval & financial sanction
- Report progress
- Work order
- Receive tenders & EMD
- Tender notice
- Detailed estimate
- Project completion
- Work order
- Receive tenders & EMD
- Tender notice
- Detailed estimate

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As shown in figure 4 that the completion of any developmental or public project is a multi-stage process which starts with the expressed need for a particular job or a specific problem (either written or verbal) and by preparation of proposals regarding how to carry out the job or solve the problem already expressed. There may be multiple proposals with limited availability of funds. Thus there is a need to prioritize the proposals as urgent, important and necessary. Upon choosing the most urgent project(s) the Architecture wing prepares a design which is followed by preparation of an Initial Estimate by competent engineers. Such an estimate requires the approval of the relevant authorities and financial sanction. Later on, a detailed estimate is prepared. The Department or the Organization publishes notice inviting tender from willing parties (either individuals or firms or companies) to carry out the task. At this stage the contractors take entry into the picture.

4.3. Issuing of Tenders

'Tender' means an invitation to offer an item or items of work. All Public Sector purchases or Contracts in India, over a certain value must be publicly notified through Tender Notices which are advertised through All India Newspapers, Trade Journals, Departmental Publications and Notice Boards, and now on Internet. It is also known as Notice Inviting Tender or Invitation to Tender or Bid (used interchangeably as Tender) etc. It is worth mentioning in this regard that the Authority may issue either an Open Tender or a Restricted Tender. An open tender, open call for tender or advertised tender is open to all vendors or contractors who may guarantee performance. On the other hand, a restricted tender or restricted call for tender or invited tender is only open to few prequalified vendors or contractors. Further, in an open bid or tender system, a double
envelope system may be used. The double envelope system separates the technical proposal from the financial or cost proposal in the form of two separate and sealed envelopes. During the tender evaluation, the technical proposal would be opened and evaluated first followed by the financial proposal. The objective of this system is to ensure a fair evaluation of the proposal. The technical proposal would be evaluated purely on its technical merits and its ability to meet the requirements set forth in the Invitation without being unduly skewed by the financial proposal. Whatever may it be, a Tender Notice includes the following in brief:

(i) Intention of the Tender Issuing Authority to procure or repair or construct or develop etc. an item(s) or to accomplish a work

(ii) Name and address of the Tender Authority

(iii) The Tender enquiry reference number and date

(iv) Cost of Tender or Bid Document

(v) Place, time and the dates within which Tender Document may be purchased

(vi) Last date and time of submission of tenders

(vii) Place, time and the date of opening of the sealed Tenders in presence of representatives of Tenderers

(viii) Deposit of Earnest Money (EMD) – this deposit is refunded to the unsuccessful tenderers.

Interested parties are required to collect or purchase the Tender or Bid Documents on payment or free of cost, as the case may be. Every Tender quotation has to be accompanied by the Tender Documents. The Quotation must be submitted along with all the other Documents as stipulated by the Tender Authority in the Tender Notice. The Tender
Document, apart from the Tender Notice, includes few more details such as:

(i) Scope of work in detail
(ii) Qualifying conditions for eligible tenderers or contractors
(iii) Pro forma of detailed status of the tenderers
(iv) Estimated cost of work [may comprise of rate schedule (in case of procurement) or technical specifications of requirements and financial bid (in other cases)]
(v) General terms and conditions (including the obligations of the contractors and the Authorities, penalties and liabilities, commencement and termination, arbitration etc.)
(vi) A sample of agreement.

Representatives of the Tenderers are allowed to attend Tender opening. The activity during Tender opening is to list down the names and addresses of the Tenderers, note down all the rates and freight charges and taxes etc. and details of whether – Earnest Money Deposit (EMD) paid, Tender Document purchased, any Tender quotation is rejected, if so for what reasons etc. A comparative statement of all the rates offered and other terms like freight forwarding, quality assurance, and Taxes etc. and, subsequently, the lowest offer is identified. After considering all factors a contractor (or firm or company as the case may be) is selected who would be awarded with the job. A contractor or company is issued a work order either immediately or after completion of few more formalities, if necessary. The contractor is required to arrange for funds in order to complete the work within a stipulated period of time.
This is the process through which a public work is initiated and awarded. In the section below a brief effort has been made to show the contribution of contractors toward the economy and society of our country.

4.4. Role of Contractors in Economy Building

Since India attained independence way back in 1947 the Government of India has engaged itself directly as well as indirectly in infrastructural development activities. As long as the English ruled our country, they did so keeping their best interest in mind not that of the common mass. Though few instances like laying of railway tracks etc. may be cited as developmental activities of the English, such efforts were guided by the prosperity and affluence of themselves alone. When India gained independence, the Government laid high emphasis on developing heavy industries. For such industrialization, development of so long neglected infrastructure became imperative. This became evident both in the Industrial Policies of 1948 and 1956. Municipalities, and panchayats were given more and more administrative as well as financial freedom to develop the infrastructure of the country like – roads, drains, dams, houses etc. The Government could not carry out all these works by themselves. They had to take the help of outside agencies. Hence the emergence of contractors. Since then contractors have been a part and parcel of the country’s economic and social development. Whenever the Government intends to carry out certain developmental activities they invite tenders from willing contractors. Upon receiving tenders, one individual contractor (or a firm) is selected. It is important to note here that the contractor starts the work with his own funds which are mostly borrowed. After completion of the contract (though there is provision of preparation and payment of running bills), funds are transferred to the
contractor from the Government subject to the terms and conditions specific to the contract. In other words development first takes place through contractor’s funds; only later public money is spent.

Apart from the economic contribution, contractors play a vital role in societal development too. As we delve deep into this study it will be seen that contractors work in teams. Though the work may be entrusted to one individual (or a firm) it is a complete team work. Daily laborers, masons, plumbers, electricians, suppliers, Government Overseers, and sometimes even the local people constitute the team that carries out the task. Thus many, in the process, find their livelihood. In other words, contractors generate employment opportunities. It is true that ultimately public money is spent in hiring the workers but it is the contractor who finds them, engages them in his own project, helps them through personal difficulties, and keeps their hope alive that they may be hired again in future. Therefore it may be said that the contractors have been involved in nation building.

4.5. Work Force

It has already been mentioned earlier that contractors work in teams. There are a number of members in such a team. This is shown figure 5.
Let us mention a few lines about each of these groups with which the contractors work:

**a) Masons and laborers:** Most of the contractors have semi-fixed groups of masons and laborers who are called into work when projects are taken up. If the same groups of people are not available the contractor may choose to employ outside this group. In these cases labor contractors play a very crucial role as they act as mediators between civil contractors and daily workers. If the work undertaken involves maintenance (of building, road, dam etc.), contractors employ masons and laborers on a daily basis and they
are paid at Rs 110-120 and Rs 70-80 daily at present time rates respectively. On the other hand, if the work undertaken is a new construction, then the workers may be employed on a contract basis. They are paid either upon completion of the task or during it. But in any case the wage rates for the masons and laborers remain the same. These workers are under the supervision of the contractors. The contractors lead the workers in achieving the targets.

b) Plumbers and electricians: This group of workers is also called into work based on need. For construction or maintenance of buildings, market places etc., plumbers and electricians are engaged. A contractor usually involves the same group of plumbers and electricians. The head plumber and the electrician are mostly paid on a contract basis not on a daily basis. The head plumber and the electrician, in turn, pay their workers on daily basis. At the initial stage of their involvement in a particular work the contractor may explain what is expected of them, and describe the budget within which they need to finish a part of the job etc.

c) Local people or Ward Committee or Beneficiary Committee members: These groups, according to the contractors, often pose highly challenging atmosphere for the work to be accomplished. When a work is carried out in a Municipality area, a Ward Committee (WC) is constituted with a few local residents; when the work is in a Panchayat area, a Beneficiary Committee (BC) is constituted. In reality, most of these members do not possess any technical knowledge. On top of that, they happen to belong to political groups. As a result of that, a group of non-technical political people monitor technical work. This, most of the times,
causes a great deal of inconvenience and hindrance to the work as a whole. There have, however, been instances where such committees have helped to complete the work meaningfully. Contractors need to accomplish his task and yet maintain good relationships with the people concerned. Emotional intelligence abilities play so vital role in dealing with people of various categories and walks of life.

d) Local councilors: In Municipality areas, the contractors need to maintain a good working rapport with the local councilor as his signature is essential for bill payment. Contractors need to satisfy their demands as well. As a result of that, the actual work demanded is often beyond what is recognized on paper.

e) Suppliers: They supply materials to the contractors (mostly on credit) from time to time. The contractors purchase raw materials like bricks, cement, iron rods, stone chips, sand, electrical and plumbing materials etc. from the suppliers. The suppliers provide easy credit on good faith.

f) Banks and creditors: Suppliers provide raw materials on credit but there are many expenses which the contractor needs to pay in cash at the beginning and during the contract. The amount of earnest money, payment to the daily laborers, periodic payment to the suppliers etc., all require cash outlays. Many a time the contractors would sell or mortgage their personal movable and immovable properties (like land, house, ornaments of their wives and other family members etc), to arrange for needed funds. Taking loan from banks is another option but that involves heavy amounts of interest payments. The longer the delay in recovering
payment from the Government the heavier it falls on them to pay back the loan. Funds are also arranged from friends, other contractors etc. But whatever it is, the source of credit needs to be selected carefully.

g) **Supervisors or Sites-in-charge:** A contractor may have more than one project going on at the same time at various geographical locations. It is quite impossible for him to physically remain present at the various work sites. For this, they appoint supervisors or sites-in-charge to oversee the work of one particular site constantly. Sometimes the same supervisor may have more than one site to look after if the sites are located close to each other. Depending on the average work load, supervisors or sites-in-charge are permanent employees of the contractors.

h) **Technical assistant:** The contractors must have a number of technical persons working on their behalf. This is important even for receiving enlistments. For example, the CPWD Enlistment Rules 2005 (as last amended on 19.10.2009) requires each contractor to have one or more graduate or diploma engineer (based on which class the contractor is seeking to be enlisted) with minimum two years of experience. Since contractors, in general, do not possess technical knowledge, the technical aspects of the work is taken care by these assistants. They move from one site to another for their work.

i) **Other contractors:** They are the colleagues of the contractors. Cooperation and coordination between the other contractors allows them many benefits. For example, a part of the work may be given for sub-contracts to others, a work order may be issued in the name
of only one contractor but in reality a group of them may carry out the same, others may stay away from bidding for a work on mutual understanding etc. In this regard, it is worth mentioning that many of the contractors work in partnership but it is not known officially. In other words, one person may bid for a work and eventually secure the tender but he almost never does the work alone; a group of them on mutual understanding carries out the work. Work orders, payments etc. are all made to only one contractor, but in reality it is shared by others.

j) Assistant Engineers (AE) and Overseers: Contractors spend a great deal of time in directly dealing with Government officials. Overseers make estimates of work; prepare bills at the end of the work; and AEs check the quality of work, the bills thus prepared etc. Successful dealing with this group requires a lot of emotional maturity and stability on the part of the contractors.

Therefore, it is obvious that this business is complete teamwork. Contractors are at the center, balancing out the needs and functions of all the various interest groups. In the process of achieving the targeted project on time, they need to display good deal of negotiation skills, problem solving skills, coaching skills etc. They continue to influence their team members, who, in turn, influence the contractors; so this process is one of mutual influence. We shall see from the profile of the contractors interviewed that hardly any of them posses any specific technical competence and knowledge. It is also seen that all of them (except a couple of them) have been in this business for more than one decade. So it is not their technical or academic competence that has been taking them through time, but rather it is their ability to deal effectively with people, situation, challenges, risks, uncertainties etc. Ability to
handle situations that arouse their emotional reaction, being stable in their emotional display with each of the groups of people determines largely how they manage to accomplish the tasks. EI definitely plays a determining role in their leadership efficiency.

4.6. Categories of Contractors

There are contractors working at different categories of public works in our county. Central Public Works Department (CPWD), under the Ministry of Urban Development of India, has been the mother organization of all public works in India even before the independence. CPWD has issued guidelines from time to time regarding the categories of contractors. Though this research work has concentrated on civil contractors living in Bolpur-Sriniketan area and working in different Government and semi-Government agencies they still, in many ways, follow the categories laid down by CPWD. As per Table I of Enlistment Rules 2005 Annexure XI there are eleven categories of contractors. They are mentioned below in the order as given in table 5.

This research work has concentrated only on civil category of contractors. It is worth mentioning here that the civil category has five classes as determined by tendering amount.
Table 5: Categories of Contractors

| Category 1 - | Civil works |
| Category 2 - | Internal and External Electrical Installation |
| Category 3 - | HVAC |
| Category 4 - | Diesel Generating Sets (D.G. sets) |
| Category 5 - | Electrical Sub-Stations |
| Category 6 - | Lifts and Elevators |
| Category 7 - | Fire Alarm System |
| Category 8 - | Fire Fighting System (Water based riser and sprinkler) |
| Category 9 - | Furniture |
| Category 10 - | Horticulture |
| Category 11 - | Nursery |

4.7. Classes of Contractors

As per Table I of Enlistment Rules 2005 Annexure XI, there are five classes of civil contractors distinguished mainly by different jurisdictions, different tendering limits, requirements for different levels of experiences of completed works in last five years, separate limits of financial soundness, engineering establishments and possession of tools and machineries. However the main dividing line between the classes is separate tendering limits which are shown in table 6:
Table 6: Classes of Contractors

<table>
<thead>
<tr>
<th>Class</th>
<th>Tendering Limits (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Rs 10 crore</td>
</tr>
<tr>
<td>II</td>
<td>Rs 2 crore</td>
</tr>
<tr>
<td>III</td>
<td>Rs 60 lakh</td>
</tr>
<tr>
<td>IV</td>
<td>Rs 25 lakh</td>
</tr>
<tr>
<td>V</td>
<td>Rs 7 lakh</td>
</tr>
</tbody>
</table>

To put it simply, for a work estimate of more than Rs 2 crore, only Class – I contractors are eligible to bid. But to bid for any work a contractor must be enlisted with the concerned organization. This brings us to the next section of enlistment of contractors.

4.8. Enlistment and Rules thereof

Organizations enlist contractors who intend to work with them. It is done to have a ready list of suitable and competent contractors for the organizations’ and departments’ works so as to minimize requirements of verification of credentials of contractors at the time of individual tenders. At the same time only those contractors are allowed to continue in the list that remain active in such organizations and departments and perform well. Any Indian Individual, Sole Proprietorship Firm, Partnership Firm, Public Limited Company or a Private Limited Company may apply for enlistment as a contractor under the prevailing Rules of the organizations and departments provided the eligibility criteria and other conditions are satisfied. The enlisted contractors are required to abide by all the rules made and as amended from time to time during the currency of their enlistment. The enlistment of a contractor only entitles him to be considered for issue of tender papers subject to the conditions laid down in each individual Notice Inviting Tenders. It does not confer any right on
him either to be necessarily issued the tender papers or for award of works.

The civil contractors who have been interviewed have been carrying out works in Bolpur Municipality, the local Gram Panchayats and Panchayat Samities, Visva-Bharati University, Sriniketan Santiniketan Development Authority (SSDA) etc. Each of these organizations has a set of rules governing the enlistment procedure of contractors. But they all largely follow the Rules for Enlistment as laid down by the CPWD with very minor modifications, wherever necessary. So it would be wise to take a look at such Rules as laid down by CPWD for the purpose of model enlistment procedure. Appendix 34 (Refer to Para 34.1) states the Rules for Enlistment of Contractors in CPWD, 2005 which has been updated till 05.10.2009. The contractors are required to apply for enlistment in a prescribed form (Annexure – I) along with the following documents (Annexure – II):

(a) Proof of constitution (In case of sole proprietorship an affidavit executed before a 1st Class Magistrate is required)

(b) Power of attorney, if any, attested by Notary Public

(c) Certificate from a Scheduled bank in a prescribed pro forma (Annexure V) regarding the financial soundness of the contractor

(d) Details of technical staff working under the contractor

(e) Details of tools and machineries owned by the contractor

(f) Declaration of experience on completion of a number of works of prescribed nature and magnitude during the last five years
(g) List of all near relatives working in CPWD including their addresses

(h) Required fees for processing the application in the form of demand draft.

If the enlisting authority finds the contractors suitable, it shall issue an enlistment order and, otherwise, send a letter of rejection of the application to the contractor. The enlistment remains valid for five years. The enlistment can however, be revalidated (or renewed) for a period of five years (provided the contractor has secured two works of appropriate magnitude during the last enlistment or revalidation period and at least one of them has been completed 100% and the second more than 50%) or two years (provided the contractor secured only one work of appropriate magnitude during the last enlistment or revalidation period and that even not completed) as the case may be. It should also be mentioned here that contractors are allowed enlistment in Class I and II only for original works and in Class III, IV and V for original works including additions or alterations or renovations or up gradations but not maintenance works. On the other hand, revalidation is allowed for contractors in Class I and II for original works including additions or alterations or renovations or up gradations but not maintenance works while in Class III, IV and V for original works plus the works of additions or alterations or renovations or up gradations as well as maintenance works (but excluding works of sweeping, cleaning, scavenging, care taking, watch and ward and the like).

The contractor is required to abide by all the rules of enlistment and also by the terms and conditions of the contract and the Notice Inviting Tenders. He is expected to execute the works as per contract on
time and with good quality. The enlisting authority preserves the right to
demote a contractor to a lower class, suspend business with him for any
period, debar him or remove his name from the approved list of
contractors indefinitely or for a period as decided by the enlisting
authority after the issue of show cause notice.

4.9. Emergence of Associations

Decades ago, the market was characterized by numerous
developmental projects with very few contractors. As a result of
sufficiency of work, there was no competition for securing a project.
There had been times when developmental projects were initiated as a
result of crisis or disaster (e.g. when a dam was damaged work had to be
started immediately). Most of the times, in the past, the Assistant
Engineers (AE) would verbally entrust contractors with such tasks, totally
by-passing the procedure of inviting and securing a tender. Work orders
would almost always be given after the work had started. Since there
prevailed hardly any competition, payment of bills etc. would end
peacefully. But the situation has changed a great deal. The market is
flooded with numerous contractors, with the number of projects falling
far short of them. Consequently, a new era has been ushered in where
market is characterized by cut throat competition. The competition grew
so intense that, at times, contractors would bid so low for a project that it
is impossible to complete it without compromising the quality of the
work to a great extent only to be awarded with a job so that some money
is made in the process. This created a deep sense of distrust, animosity,
rivalry and division among them. Projects remained incomplete for long
periods. As a result, the competition became self-defeating for the
common interest of the contractors. Slowly it seemed to have dawned on
them that in order to exist in the market they needed to somehow avoid the path of rivalry and join hands together. Given this background, Associations of contractors emerged. Associations grew in most subdivisions and districts. Need to unite the contractors state wide was also felt over a period of time. Consequently the Federation of Contractors’ Association (FOCA) was formed in West Bengal. FOCA has its head quarter in Hooghly district.

Contractors in Birbhum district united themselves under Birbhum Zilla Thikadar Sanstha (BZTS). It is affiliated to FOCA. BZTS is the parent body of all contractors in Birbhum district. Since its inception BZTS has been performing a number of functions. This is true for Associations located in other districts and states too.

4.10. Functions of BZTS

The functions of BZTS are worth mentioning here:

a) To ensure equal job distribution through negotiation: BZTS seeks to prevent in-fighting between the contractors for securing job offers. When a job offer is notified, contractors come together to decide who should get the job. This is done by rotation. Others willingly refrain from bidding for the work. The contractor who secures the job through this process of negotiation pays an amount as a token of compensation to the other intending contractors. Thus the route of rough competition is avoided by way of negotiation. Distribution of work through this process seeks to ensure quality and justice to all contractors.

b) To provide a forum for unified movement: The voice of a group of people is always more powerful than that of an individual. In the
past BZTS has taken lead to meet District Magistrate (DM), Sub-Divisional Officer (SDO), Block Development Officer (BDO), Municipality Chairman, Registrar of Visva-Bharati University etc. for the interest of the contractors.

c) **Assistance for enlistments etc:** BZTS has provided timely help to individual contractors in need of enlistments.

d) **Social help:** Help and assistance has also been made available to the individual contractors. For example due to any unwanted event in the life or family of a contractor the Association comes forward to assist financially, and provides help to take out succession certificates etc.

We may say that contractors have been able to achieve more having remained united under the banner of BZTS.

4.11. Problems and Difficulties Faced

In order to understand the nature and challenges of the work of the contractors, we must throw some light on the problems they face on a regular basis. In the section below, we endeavor to throw some light on their problems during the work:

a) **Delay in payment of bills:** The survey has revealed that one of the greatest problems constantly faced is irregularity in receiving payment of bills. The experience of the contractors differed in terms of the duration of non-payment of bills based on which organizations and departments they have worked for. Many have stated that the process of billing itself is very cumbersome. To understand this, we may take a look at the general billing process. Upon completion of a work the contractor needs to certify
completion by submitting a certificate of completion to the authority. After this, the bill for the work is prepared by the concerned Overseer. At this stage, level one checking is done. The bill passes through the members of the beneficiary committee (BC) in case of rural areas, or the ward committee (WC) in case of the municipality areas. In the latter case, the signature of the ward councilor is essential for further processing of the bill, while in the former case this is not so. The bill may be passed on to an Assistant Engineer (AE) who checks the bill for the second time. The bill is then passed on to the accounts section for the final checking. After satisfying all queries, a cheque for the appropriate amount (contract price adjusted against security deposit etc.) is prepared. The Municipality Chairman (in case of urban areas) or Gram Panchayat Pradhan (in case of rural areas) or the Executive Engineer (in case of work in SSDA area) etc. signs the cheques which are then ready for disbursement. This process takes not less than 3-4 months, even if it is done in the fastest way. The survey has revealed that in the case of works in Visva-Bharati, SSDA, and Panchayat Samities, the delay is between 3-6 months on average. But the experience is worse in case of Bolpur Municipality and Irrigation works which take about 2 years on average to pay the bills. This is a very shocking revelation. The reasons put forward by the contractors are that these organizations and departments are heavily overstaffed. Thus, funds for developments are mostly diverted for salary and wages of the employees. Hence the delay. It should be noted that when a contractor receives payment against a bill after almost two years the value of the money obviously declines but no compensation in the form of interest is paid for the delay. Nothing
less than emotional intelligence keeps them in this business year after year.

b) **Scheduled rate is lower than market rate:** This is the second most common problem faced by the contractors. When a work order is issued, an estimate of the work is also made by the competent Engineer or Overseer. Such an estimate is made by taking the scheduled rates of raw materials as per the PWD or CPWD (in case of Visva-Bharati University) rates. These rates are determined at one time and later on revised from time to time based on the market rate. If the market rates change so much to demand a revision in the scheduled rates, enhancements in the estimate are applied, if such revision is not possible at that point of time. The study has pointed out that the scheduled rates are often far lower than the present market rates. In the past two years, the market has witnessed a great deal of upward movement in the prices of building materials. As a result of this, PWD has revised its scheduled rates very recently but such revision has taken place after almost 4 years. The market has continued to move upward even after this revision. A few of the organizations covered under this study (SSDA, Panchayat Samity etc) have revised their scheduled rates following the PWD revision but both Bolpur Municipality and Irrigation dept are yet to revise the rates. Though enhancements are applied, such increase in the rates seems to be insufficient to earn them a marginal amount of profit.

c) **Unwanted supervisors:** The members of BC and WC are not selected due to their technical competence but because of their political affiliation, social status and local influence. Many times, equal numbers of members of opponent political parties are taken
in the same BC. Thus striking a balance between the members within the BC is sometimes impossible. The quality of work suffers as a result of this. And this defeats the very purpose of making of BC.

d) Non-cooperation and dishonesty of government officials: Many of the contractors have remained tight lipped about this, but a majority of them have voiced great displeasure regarding the Government officials in general. Officials have been alleged to be non-interested and unwilling to process the papers and bills in the ordinary course. The level of non-cooperation and dishonesty in them has increased a great deal over the years which have made the contractors' job more difficult and problematic.

e) Policies and rules: A few policies, though unwritten, have not made things better for the contractors. For example, it was pointed out during the survey that the Government does not have a policy of awarding a work to the lowest bidder, but in practice this is always done by the officials. The lowest bid is not always the best bid. But such an unwritten policy has caused works to be granted to those whose estimate is unrealistically low. In other words, this has hampered the quality of work. The Government rules for enlistment are very stringent. What is required of the contractors for enlistment is hard to accomplish before such enlistment. Thus Government policies and rules are not contractor friendly.

f) Sharing of profits: Every business is carried out with the hope of earning profits. No one would like to work in a situation where there is only one who puts in all the effort but profits are shared by many. The contractors have pointed out that their due profit is
consumed by the local people, members of BC, Government Officials at various stages and departments. Thus their income is almost always less than the efforts they put in.

g) Other factors: Two other factors are worth mentioning here. Unavailability of laborers during local festivals and melas (e.g. pous mela in Santiniketan, Jaydeb mela in Jaydeb etc.) is a common problem. It has been pointed out that there is a deep sense of social stigma associated with this line of business. Contractors are mostly looked upon as rich people engaged in the business of stealing public money.

From the above discussion it may be observed that the contractors in this geographical area work in the midst of insurmountable difficulties and hardships. Similar experiences may also be found among the contractors working outside the selected geographical area. Yet they continue to carry on what they love to do. Their involvement in this business provides employment to many in the society. Therefore, they form a very good sample to study the role and importance of emotional intelligence on leadership in sole proprietorship business.
SUMMARY

The chapter presents a description of the genesis of public works, which is the area of involvement for the contractors in India. Even during the ancient time the State had been directly involved in such activities. The tradition continued even during the times of Ashoka the Great, the Khilji Kings, the Moghul Kings, the Pallavs, the Cholas and the others. During the British rule, public works like roads, buildings, and irrigation etc. were entrusted to the charge of Military Boards in the Presidencies of Calcutta, Madras and Bombay. Between 1849 and 1854 Public Works Departments (PWD) were created in Punjab, Bengal, Madras and Bombay and were entrusted with such public works. With the creation of District and Municipal Boards, a number of the public works have been transferred to these Boards. The chapter delineates the process of public works which includes steps such as receiving of requisitions, making initial estimates, approval of financial sanctions, issuing tender notices and issue of work order to the selected contractors etc. They have contributed to the building of the economy by providing development through their funds first; before public money is spent. They have also contributed to the social development of the country by creating employment. Contractors work through a team consisting of plumbers, electricians, masons, laborers, local people, local councilors, suppliers, banks, creditors, supervisors, sites-in-charge, other contractors, Overseers, Engineers and many others. Therefore each contractor is in a suitable position to exercise influence upon the others. The chapter has also mentioned the various categories of contractors, classes of civil contractors, rules and procedures of enlistment of such contractors etc. Today, the market of public works is characterized by numerous contractors, fewer works, rough competition etc. All these have led to the
emergence of Contractors’ Associations in various sub-divisions, districts and even in States. The respondent civil contractors are affiliated to Birbhum Zilla Thikadar Sanstha (BZTS) located in Bolpur sub-division of Birbhum district, West Bengal. BZTS has been providing a forum for a unified movement, ensuring equal job distribution through negotiation, assisting contractors in enlistment etc. Problems and difficulties faced by them in the course of this business, such as excessive delay in payment of bills, lower rates for works, lack of cooperation and honesty of Government Officials, sharing of revenues with too many people etc., necessitate employing emotionally intelligent behaviors in order to sustain and grow in this business. Thus the contractors form a very suitable sample for studying the relationship between emotional intelligence and leadership in business.