



WEBINAR

Status of Construction Industry and the effects of Covid-19 Pandemic.

Situation Report of Sri Lanka.

By Ch. ^{QS} Lalith Ratnayake



- **Economic Downturn 2018**
- **Easter Sunday Terrorist Attack April 2019**
- **COVID 19 Since March 2020**

Construction Industry contributes approx.

10% to GDP

8% of employment

50% of GDCF

Industry Encounters

Demand Downturn

Payment Delays

Import Restrictions

Labour Shortage

Stakeholder Fragmentation & Lack of Collaboration

Sectors Affected

Tourism
Housing
Manufacturing
Logistics
Related SME's

Sectors Growing with some Demand for Built Environments;

Agriculture
Irrigation
Education
IT

INDUSTRY DOWNTURN

Growth Pattern of Sri Lanka

- Demand for construction started to decline from 2018 later part due to various economic and political reasons. However, industry showed a slow growth but with the Easter Sunday terrorist activity in April 2019 sharp downturn was started as the tourism industry suffered significantly.

EFFECT OF COVID 19

- With the COVID 19 since Feb 2020, it has redoubled the impacts and construction industry pushed to a negative growth rate in 2020. SME sectors have been affected substantially from the demand downturn. Major consultancy firms too find difficulties to continue in their capacity levels.
- Critical effects of pandemic was there from 20th March 2020 to 11th May 2020 and during which period sites were closed.

AFTERMATH

- Thereafter, projects re-started. Few investors found it difficult to move forward as feasibility of projects affected adversely. Most of the companies have reduced staff level, limited days of working and introduced early retirements. Consequently, unemployment increased in the industry and in general. The Quantity Surveyors who were employed in overseas, in particular Middle East, have come back and waiting to come back in numbers. Airports are not yet open for tourists.
- Severe import restrictions are implemented. Therefore, the procurement process for the projects is a slow and restricted process.

POSITIVITIES

- As Sri Lanka has controlled the pandemic to a great extent the effects have been mitigated. Agriculture, Irrigation, education, health and IT sectors showed some positive trends and by which some built environment works have been generated. In addition, Government's debt moratoriums and concessionary / low interest (4%) loan schemes have provided working capital and financial assistance to stakeholders. It appears that there will be some array of hopes as Sri Lanka is having a stable government now and foreign funded mega projects have showed the recommencement mode.
- In order to make industry growth government has allocated funds for 100,000 Km rural road improvements, few highways and affordable housing projects.

However, COVID 19 threat remains active, specially as neighbouring India is badly affected while rest of the world too is still combatting with it...

- * Janatha Vimukthi Peramuna - JVP
- ** Presidential Commission on Privatisation

Sources: Lakshman, 1997
Central Bank of Sri Lanka, Annual Reports