



National Construction Association of Sri Lanka

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To All Branch Chairmen and Members,

The measures taken by NCASL to facilitate our members and improve the construction industry in the recent past.

1. Due to the economic crisis, the 100,000 kilometre project implemented by the Road Development Authority was also put on hold in 2022 due to the suspension of projects. Our Chairman held regular discussions with the then Ministry Secretary to change the Conditions of the Contract for that project to be favourable to the construction contractors and to pay due payment of those projects. The National Construction Association of Sri Lanka is continuing to work on the non-payment of arrears, and is also in discussions with the relevant authorities regarding the arrears of projects such as the Nearest School, the Best School, and the I-Road.
2. Due to the increase in the prices of construction materials in the face of the economic crisis, the amount to be paid (Price Fluctuation) according to the made by our Indices in the CIDA Bulletin was not accurate, so our Chairman investigated the matter and decided to correct the Indices issued by CIDA monthly and CIDA was able to agree to obtain the prices of raw materials as applicable. Furthermore, after discussions with the CIDA Chairman, the accuracy of the bulletin has now reached more than 75%. The best proof you have for this is to compare the bulletin issued in 2023 with the bulletin issued today, where the changes association can be clearly observed.
3. As per the request made by Mr Darinton Paul, Hony Chairman, CIDA has waived off CIDA registration as follows.
 - a. Completely waived off the unpaid CIDA registration fee of C4 to C9 graded contractors who did not renew the registration after 2020.01.01.
 - b. Allowed to pay CIDA registration fee of C1, C2 and C3 graded contractors in two installments within 6 months who did not renew the registration after 2020.01.01. (Please refer attached CIDA Letter bearing Ref No: 1/2/1-BD dated 2024.05.30. A copy of this letter is attached).
4. per the request made by Mr Darinton Paul, Hony Chairman, CIDA has relaxed the point scheme for grading of contractors as follows.
 - a. Financial Capacity – Considered certified bill also up to C4 Grade
 - b. Technical Capacity (Human Recourses) – Relaxed EPF Records for a period of 1 year.
 - c. Technical Capacity (Work Experience) – Relaxed for a period of 1 year.
 - d. Organization Management - Relaxed for a period of 1 year.

(Please refer in the CIDA letter bearing Ref No: 1/2/1-BD dated 2024.01.25. A copy of this letter is attached).

5. The Chairman is in discussions with both the previous and new government to start projects that were put on hold due to the economic crisis the country faced, and to start new projects and strengthen the construction industry.
6. Discussions with high-level government officials regarding recent circulars affecting the construction sector and the changes that need to be made for the advancement of the construction industry were very successful. Furthermore, the Chairman takes great pains to intervene and unreasonable changes to CIDA Standard Bidding Documents by government agencies.
7. Numerous clauses are included in the National Procurement Guidelines published in 2024 which are detrimental to the construction industry and the construction contractors and have worked together to resolve these issues and discussions are underway with senior officials of the Construction Industry Development Authority, as well as with the Secretary of the Ministry of Urban Development, Construction and Housing and the Honourable Minister to ensure fair distribution of construction projects. The main factor here is the completion of a similar project that is being considered during bid evaluation. However, due to the economic crisis, the price of raw materials has increased by 100 percent, which has caused great injustice to the bidders when considering a project of a similar nature, and therefore an amendment to this clause has been requested by our Chairman that it be considered as 60% of the value of the proposed project and the CIDA Chairman has agreed to include it in the SBD01, SBD02, SBD03 and SBD04 Standard Bidding Documents which are currently being revised. Furthermore, the fight waged by our Chairman to reduce the limit of 5 million previously given to community-based societies to 2 million has been successful today.
8. During the annual awards ceremonies of the provincial branches, our Chairman has fearlessly and without hesitation expressed their opinions before the political authorities of the central government and the provincial political authorities, including the Honourable Governor, as well as central government and provincial officials, and have made requests to rectify the injustices that are occurring.
9. Although the arbitrary behaviour of the CGF had led to the situation where government institutions did not accept the bonds and guarantees issued by the CGF, today, the Chairman's intervention has provided an opportunity for construction workers to obtain those facilities with dignity. Furthermore, we will also work to make the recommendation of our association mandatory for obtaining them in the future.
10. Over the past two years, several seminars have been held with the involvement of our suppliers to enhance the knowledge of construction workers. It is also worth noting that INSEE, Alumex, Swisstek, Phoenix, Ranki, etc. have joined hands with us. Our Chairman is also working to obtain their sponsorship in branch office workshops.

11. The PCA3 form has been made mandatory for submitting tenders. However, it is a major headache for construction workers. Therefore, discussions are underway with the Ministry Secretary to remove that requirement.
12. A Cabinet paper was drafted and submitted through the Ministry for consideration by the Cabinet. It has also come to our attention that the Cabinet has also discussed the same. Our Hon'y Chairman was also invited to the discussion held under the chairmanship of the Deputy Secretary to the Treasury on 20.03.2025 to obtain views on this Cabinet Paper. There, the issues that had arisen were analysed and detailed explanations were presented to all those who participated in the discussion. Furthermore, information was also presented on similar projects during the bid evaluation. Accordingly, we have informed the Deputy Secretary to the Treasury about this and sent our letter dated 2025.03.27. Furthermore, the shortcomings that arise when projects are awarded at less than the engineering estimate were also explained in that discussion.

The following key points have been highlighted out of 26 points in this Cabinet paper.

- a. Negotiating with Donor Agencies regarding the resumption of disbursement of loans to enable recommencing of the projects and directing all government agencies to recommence all suspended/halted projects. This will boost the construction industry and can contribute to the GDP by more than 10%.
- b. Projects having an Engineer's Estimate up to Rs 5 million can now be awarded to Community Base Organization without tendering. This practice creates room for the misuse of government funds by local politicians and government officers leading to no benefit of the project. On the other hand, our members at this difficult time have no contrition works to retain their employees.
- c. Arranging a low interest rate of less than 6% for housing loans with a payback period of 40 years for young families of Small and Medium Enterprise Construction Sector to solve the housing problem and also to boost this sector.
- d. Amending the Public Contract Act No 3 of 1987 to exclude requirements for bidders to register under this Act, as there are adequate provisions under Section 29 of the Construction Industry Development Act.
- e. Exclusion of construction contractors who were awarded contracts on their bids closed before 01.10.2022, the date on which Social Security Contribution Levy (SSCL) became effective, from such levy and to direct the Inland Revenue Department to issue a directive to waive off such tax claims. This will be a relief for the construction contractors at this difficult time.
- f. Rejecting bids received which are 15% lower than the Engineers Estimate, when awarding construction contracts as per the previous provision stipulated under Public Finance Circular 03/2020 of 09.10.2020 captioned "Policy on supporting Domestic Industries". We observed that in the recent past, most of the underquote contracts were stopped by the contractor and the quality of completed projects was below par. In addition to these losses to the citizens and government, a lot of money has been incurred by the government for adjudication and arbitration processes.
- g. Issuance of a Public Finance Circular to ensure strict compliance of all contracting parties with terms made by the Construction Industry Development Authority (CIDA) and

- conditions laid down in the Standard Bidding Documents (SBDs) and instances of noncompliance, CIDA to be directed to enforce the Clause 56 of CIDA Act.
- h. Adhering to Option 2.1 of the NPC Supplement 1 of 24.10.2017, on contractors' request to release the full retention money by Procurement Entity, upon reaching the limit of retention, against an unconditional guarantee issued either by a bank acceptable to the Employer or by Construction Guaranty Fund (CGF) to cover the full retention
 - i. Compensating the contractors as per the CIDA Price Fluctuation Formula for all work contracts, irrespective of the contract period, and requiring that the price fluctuation formula to be utilized by procurement entities for making price adjustments in the contract documents.
 - j. In case of delayed payment by the Employer to the Contractor as per internationally accepted FIDIC Conditions of Contract provisions, rather than adding 1% to the legal rate currently used to calculate interest, making payments with 3% added to the bank rate.
 - k. In case of import of Mechanical, Electrical, and Plumbing (MEP) related equipment, employers are to open Letter of Credits (LCs) for each project with agreed terms and conditions by signing Tri-Party Agreement directly with nominated subcontractors and suppliers to avoid exchange rate risk.
 - l. Taking appropriate steps to designate a Ministry with the subject name of the Construction Industry in determining the scope of the Ministry. Since the Construction industry is the backbone of the infrastructure development that is needed for all sectors (Education, Health, transport, Irrigation, water supply etc), it is now time to have a designated Ministry for the Construction Industry.
 - m. Establishing the Standing Steering Committee on Construction (SSCC) comprising of members with powers.
13. Our membership was suspended by the IFAWPCA due to non-payment of the membership fee (USD 3,300) for the year 2022. In 2023, all payments were made and NCASL participated in the IFAWPCA Conventions held in Kathmandu, Nepal in 2024 and Singapore in April 2025 giving due recognition to NCASL.
14. Financial discipline in the NCASL Secretariat has been maintained during the 2022/2023 and 2023/2024 sessions. Unnecessary expenses have been cut, including reducing the number of staff in the Secretariat. This has saved money to maintain the secretariat and branches for another 02 years. During the economic crisis, the construction exhibition fund is used wisely and is set aside for use in an emergency. Furthermore, two bank accounts have been opened in the name of the Association and the Exhibition Fund to facilitate the handling of their receipts and payments. Furthermore, although our association has not saved any money by holding the construction exhibition until 2023, it has made a profit of Rs. 16.7 million in the last two years alone. That money has been used for the maintenance of the building as mentioned in paragraph 15 below and the remaining money has been credited to a fixed deposit account.
15. The auditorium had been closed for six years due to lack of necessary maintenance. However, it has now been renovated and is in a usable condition to host our functions and for external rental. The building underwent significant renovations, especially the toilets, which had fallen

into disrepair over the years. Furthermore, the paint had not been applied for many years, and the interior paint had been applied in 2024.

16. We were able to resolve issues regarding our association's VAT payments related to year 2016/2017.
17. A fine of approximately Rs. 18 million has been imposed due to the underpayment of taxes in the years 2020/2021. Work is underway with the assistance of a consultant to rectify this.
18. The association and exhibition websites have not been updated for a long time and steps have been taken to update them.
19. Steps have been taken to prepare separate WhatsApp groups for all branches, and in the future, this will create a communication network for all members as well as all other construction workers in your area.
20. A press conference was held regarding the damage caused by a former chairman issuing false statements about the construction industry, and steps have been taken to correct those false statements.

Since many people are not aware of the difficult tasks carried out by the parent association, we ask that you please spread this information among constructors in your area, irrespective of whether they are our members or not. We also ask you to take positive action to recruit non-members to the association.

Your prompt attention and action in this regard would be greatly appreciated.

Thank you.

Yours sincerely,

National Construction Association of Sri Lanka



Eng. R. B. M. Gunawardena
Chief Executive Officer