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Indian Construction Sector: Post COVID Scenario

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Abstract

The COVID-19 outbreak has had a devastating effect on India's construction industry, causing many problems and setbacks. Examining the industry from multiple angles, including social, economic, and environmental concerns, this paper seeks to assess the post-COVID situation in India's construction industry. The study examines the immediate and future consequences of the global outbreak on India's construction industry by conducting an in-depth review of the literature. It delves into the difficulties encountered by construction companies as a result of shutdown restrictions, interruptions in the supply network, scarcity of workers, and budgetary restrictions. This research also delves into what the construction industry in India can expect from the post-COVID age in terms of developments and possibilities. Sustainable and resilient building practices are becoming more important, and this article looks at how digital technologies like Building Information Modeling (BIM) and remote collaboration tools are being used. The results of this study add to our knowledge of the situation in the construction industry of India after COVID. It helps researchers, professionals in the field, and lawmakers understand the opportunities and threats posed by the dynamic construction industry. In the wake of the COVID-19 global outbreak, India's construction industry has an opportunity to help the country achieve its sustainable development goals, create jobs, and boost the economy by adjusting to new circumstances.

Keywords:- Construction sector, post-covid era, employment, economic development, real estate sector

I. INTRODUCTION

Since it is the second biggest industry in India in terms of labor force employment, after agriculture, the construction industry is greatly contributing to the country's socioeconomic growth. In order to reach an economy worth \$5 trillion by 2025, it boosts national growth through developing and improving transportation and building infrastructure. Investments in transportation infrastructure (Dedicated Freight Corridor, High-Speed Rail, Sagarmala), urban development (Smart Cities Mission, Swachh Bharat Mission, and Atal Mission for Rejuvenation and Urban Transformation), and buildings (Pradhan Mantri Awas Yojana - Housing for All) are expected to total \$1.1 trillion from 2020 to 2025, according to the National Infrastructure Pipeline report by India's Ministry of Finance (GoI 2019). The report also highlights plans to accelerate the country's consumption of natural minerals (MII 2021).

The worldwide economy has been hit hard by the COVID-19 global outbreak, which has disrupted many different industries. These difficulties have also affected India's construction industry, which is crucial to the country's financial growth. Examining the revival and current situation of the Indian construction industry is crucial as the country faces the post-COVID situation. Repairing supply chains, getting people back to work, boosting investor confidence, and getting the construction industry back on their feet are all parts of the recovery process. If we want to know how resilient and growth-friendly this industry is, we need to know how this recovery has worked.

The construction industry has historically been regarded as a vital contributor to India's GDP, job creation, and infrastructure advancement. The global outbreak has introduced novel obstacles, such as project delays, financial limitations, and alterations in demand and consumer behavior. Analyzing the sector's condition after COVID enables us to assess its present position within the wider economic framework and pinpoint areas necessitating focus and strategic measures.

II. OBJECTIVES

This article aims to provide in-depth knowledge of the post-COVID landscape in India's construction industry and to establish a foundation for a resilient and sustainable future. The explicit objectives are as follows:

- To examine the recovery dynamics of India's construction industry following the downturn caused by Covid-19.
- To assess the condition of the construction sector within the economy of India in the post-Covid-2019 period.

III. METHODOLOGY

The paper is descriptive in nature, based on secondary data, and attempts to discuss various issues during the post-Covid-19 scenario in the construction sector. Changes in Investment, contribution to GDP, and reemployment of the workforce during the post-Covid-19 are analyzed. Further, the status of the construction sector in the economy of India in the post-Covid-19 era is also analyzed.

IV. RESULTS AND DISCUSSION

The construction industry in India is divided into several subsectors, including commercial, residential, industrial, infrastructure, transportation, energy, and utility. Over the last half-century, construction in India has received about 40% of the total growth funding. The construction industry provides a living for about 16.0% of the employed community. More than 30 million people find work in India's construction sector, which generates assets valued at more than ₹200 billion.

4.1. Indian Construction Industry: Pre-COVID Scenario

When it comes to India's economic growth and development, few sectors can be considered as important as the construction sector. Government initiatives, urbanization, infrastructure development, and increased foreign investments were among the factors driving the sector's steady progress prior to the COVID-19 pandemic.

4.1.1. Infrastructure Development

The Indian government had been focusing on enhancing the country's infrastructure through ambitious projects such as the construction of highways, ports, airports, and smart cities. This emphasis on infrastructure development created numerous opportunities for construction companies and stimulated the growth of the industry.

In addition to continuing the remarkable speed of work accomplished over the years, the Ministry of Road Transport and Highways has made a number of decisions regarding policy and taken a number of actions for the benefit of the public. In the fiscal year 2019–20, a total of 10,237 kilometers of roads were finished, with a total of 8948 kilometers of awarded projects. There has been an enormous spike in the pace of road growth and development, with approximately 28 km expected in 2019–20 from 11.7 km in 2013–14. Thanks to the Ministry's dogged pursuit, the length of the National Highways (NHs) has gone up from 91,287 km in April 2014 to around 1,36,155 km as of December 20, 2020.

Table:1 Construction of National Highways

Year	Award (km)	Construction (km)
2019-20	8,948	10,237
2018-19	5,493	10,855
2017-18	17,055	9,829
2016-17	15,948	8,231
2015-16	10,098	6,061
2014-15	7,972	4,410

Source: Ministry of Road Transport and Highways

The Indian government has launched the massive Sagarmala Programme to encourage port-led growth and development throughout the nation, capitalizing on its coastal region, 14,500 km of possibly accessible water routes, and advantageous position on important global maritime trading routes. The Programme aims to minimize logistics costs for EXIM and internal trade while requiring minimal infrastructure funding. This encompasses decreasing domestic cargo transportation expenses; minimizing logistics expenses for large quantities of goods by situating prospective production facilities near the coastline; enhancing the ability to export through the establishment of independent production units in vicinity to ports, among other measures. The Sagarmala Programme has delineated 504 projects across four categories: 211 port modernising initiatives, 199 endeavors to connect various ports, 32 port-led industrial development schemes, and 62 coastal regions initiatives to develop communities, which have the potential to facilitate port-led growth development and are anticipated to generate over Rs. 3.57 Lac Cr in funding in infrastructure.

Within the past fifteen months (July 2019–October 2020), twenty Sagarmala projects with a combined budget of Rs. 4,543 crores have been executed. These projects include nine port modernising and upgrading projects valued at Rs. 1,405 crores, seven projects to connect various ports valued at Rs. 2,799 crores, and four coastline initiatives for community development totaling Rs. 339 crores.

4.1.2. Real Estate Boom

The pre-COVID-19 period experienced a real estate surge in India, characterized by an increase in residential and commercial construction projects. Accelerated urbanization, an expanding middle-class demographic, and advantageous

governmental policies, including affordable housing initiatives, have stimulated the demand for real estate, resulting in a vigorous construction industry.

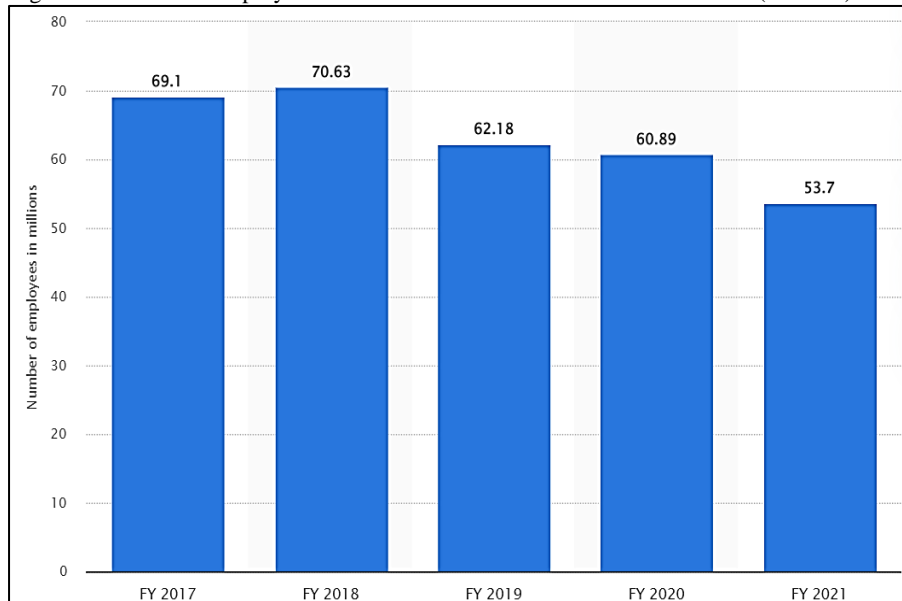
4.1.3. Foreign Direct Investment (FDI)

The Indian construction sector garnered substantial foreign direct investment, chiefly owing to governmental initiatives aimed at relaxing FDI regulations and fostering a conducive business climate. Global entities penetrated the market via joint ventures and collaborations, introducing sophisticated technologies, expertise, and capital that further accelerated the industry's expansion. Complete foreign direct investment (FDI) in the construction growth and development industry via the automatic approach is authorized for operational and managerial activities in finalized projects, including townships, malls/shopping complexes, and commercial constructions. From 2000 to 2020, the construction sector received the second highest volume of foreign direct investment (FDI).

4.1.4. Employment Opportunities

The construction sector was a significant source of employment in India, offering jobs to a large workforce comprising both skilled and unskilled laborers. The sector's growth created job opportunities in diverse areas, including civil engineering, architecture, project management, and skilled occupations, thereby enhancing the nation's socio-economic development. Of India's thirteen main economic sectors, the construction sector ranks third and is second only to agriculture in terms of employment.

Figure 1: Number of employees in real estate and construction sector in India (millions)



Source: Statista 2023

In the financial year 2021, employment in India's real estate sector and construction industry decreased by 25 percent over five years, totaling approximately 54 million employees. This represented a decline of 12.0 percent compared to the employment figures of the preceding financial year. The decrease in employment has been ascribed to the recent coronavirus pandemic, along with persistent challenges such as inventory accumulation, delivery setbacks, and developer shortcomings.

4.1.5. Technological Advancements

The Indian construction industry was gradually adopting advanced technologies and practices, such as Building Information Modeling (BIM), modular construction, green building techniques, and automation. These technological advancements enhanced efficiency, productivity, and quality in construction projects, making them more sustainable and cost-effective.

4.1.6. Positive Economic Impact

The expansion of India's building sector boosted the country's GDP by a factor of several. It drove related industries and created business opportunities by stimulating market for essential commodities like cement, steel, and other building supplies. Furthermore, the industry helped bring in money for the state via various taxes and levies.

4.2. Indian Construction Industry: During COVID-19

There have been enormous changes and problems in the Indian construction industry as a result of the COVID-19 outbreak. The industry had been growing steadily before the pandemic, but it had to adapt and be resilient to overcome all the obstacles it encountered.

4.2.1. Construction Halts and Project Delays

There was a nationwide halt to building as a consequence of the restrictions and lockdown put in place to contain the virus. Manpower deficits, supply network interruptions, and movement restrictions caused projects to come to a standstill and extended timelines. For a lot of construction companies, this meant more time and money spent on the project.

4.2.2. Labour and Migrant Worker Crisis

The construction industry heavily relies on a vast workforce, including migrant laborers. With the sudden halt in construction activities, many laborers were left unemployed and faced challenges in accessing basic necessities. Migrant workers, facing uncertainties, started returning to their hometowns, leading to a labor crisis. The subsequent shortage of skilled and unskilled workers further hampered project execution.

4.2.3. Financial Challenges and Project Funding

The pandemic impacted the financial stability of construction companies. Many projects faced cash flow issues, as payments were delayed or disrupted. Additionally, accessing project financing and bank loans became more challenging due to economic uncertainties. The financial strain forced some companies to downsize or halt operations, causing the termination of jobs and the postponement of projects.

4.2.4. Supply Chain Disruptions

Building supplies and machinery were in short supply because of problems with international and domestic supply chains. Essential materials could not be delivered on time due to transportation restrictions and lockdown measures, which led to higher costs and project delays. Border closures and trade disruptions posed additional challenges for materials that rely on imports.

4.2.5. Safety and Health Measures

The construction industry had to adopt stringent safety and health measures to protect workers from the risk of COVID-19 transmission. This involved implementing social distancing protocols, providing personal protective equipment (PPE), conducting regular sanitization, and adhering to guidelines issued by health authorities. These measures added to the operational costs and required additional coordination and planning.

4.2.6. Embracing Technology and Digital Solutions

The pandemic accelerated the adoption of digital tools and technologies in the construction industry. Remote collaboration, virtual meetings, and Building Information Modeling (BIM) gained prominence to facilitate project management and communication. Companies also explored automation and robotics to minimize human contact and improve productivity.

4.2.7. Government Support and Policy Reforms

During the global outbreak, the Government of India took many steps to help the construction industry. Some of these measures aimed to revive infrastructure development, loosen compliance standards, and provide financial relief packages. Also, in an effort to make it easier for businesses to operate in the construction industry, policy changes were made to expedite the approval process.

India's construction sector has shown remarkable resilience and adaptability in the face of the pandemic's challenges. There will be a significant increase in infrastructure development and employment opportunities in construction industries as the nation begins to recover from the effects of COVID-19. This, in turn, will help the economy recover and grow.

4.3. Indian Construction Industry: Post-COVID-19 Scenario

A cautious recovery and adaptation to the new normal characterize the post-COVID-19 scenario that the Indian construction industry is progressively transitioning into. In the first six months of 2022, the construction industry's value add increased by eight percent year over year, as reported by the Ministry of Statistics and Program Implementation (MoSPI). On the other hand, if inflation and building material prices continue to rise, the industry's expansion could stall in the second part of this year. The construction industry's trimesters FY23 Gross Value Added (GVA) rose from 225,166 crore in 2021–2022, to 262,918 crore in 2022–2023, a 16.8 percent growth over the previous year's relatively normal GVA.

As the nation emerges from the impact of the pandemic, the construction sector faces both challenges and opportunities, requiring resilience, innovation, and strategic planning

4.3.1. Resumption of Construction Activities

With the easing of lockdown restrictions and the resumption of economic activities, the construction industry is gradually recovering. Construction projects that were put on hold are now being resumed, albeit with adherence to strict safety protocols and guidelines. The sector is witnessing a renewed focus on project execution and meeting delayed timelines.

4.3.2. Emphasis on Health and Safety Measures

The post-COVID-19 era has underscored the importance of health and safety measures in the construction industry. Companies are implementing robust protocols to safeguard workers' well-being and minimize the risk of COVID-19 transmission. This includes regular sanitization, provision of personal protective equipment (PPE), temperature screening, and adherence to social distancing norms.

4.3.3. Digital Transformation and Technology Adoption

The pandemic has accelerated the digital transformation of the construction industry in India. Companies are increasingly embracing technologies such as Building Information Modeling (BIM), virtual collaboration tools, and project

management software. Remote work and virtual meetings have become more prevalent, enhancing communication and efficiency in project execution.

4.3.4. Focus on Sustainable and Green Construction

A focus on sustainability and environmental consciousness has been amplified in the construction sector following the COVID-19 scenario. Energy efficiency, renewable materials, and green construction practices are becoming more important. Businesses are looking into green building practices to lessen their impact on the environment and make the industry more resilient.

4.3.5. Shift in Project Requirements and Design

Due to the pandemic, project requirements and design considerations have been revised. Making adaptable settings that can meet health needs and social distancing measures has become more important. In order to create spaces that are both safe and healthy, designers are incorporating touch-less technologies, better ventilation, and flexible layouts.

4.3.6. Government Stimulus and Infrastructure Development

When it comes to restoring the economy and building new infrastructure, the Indian government knows exactly who to call: the construction industry. The expansion of the sector, the recruitment of investors, and the acceleration of project approvals are all targets of current stimulus packages and legislative reforms. Infrastructure projects are being propelled by initiatives like the National Infrastructure Pipeline (NIP).

4.3.7. Skilled Workforce Development and Training

The post-COVID-19 period highlights the need for a skilled and adaptable workforce in the construction industry. Companies are focusing on up-skilling and re-skilling programs to equip workers with the necessary competencies for the evolving industry landscape. Training initiatives are aimed at promoting safety, digital literacy, and sustainable construction practices.

4.3.8. Collaboration and Partnerships

With COVID-19 behind us, it is more important than ever for the construction ecosystem to work together. Strategic alliances, collaborative businesses, and consortiums are becoming increasingly common as a means for companies to reduce risk, increase efficiency, and share resources. In order to drive sustainable growth and overcome challenges, it is crucial for market participants, government authorities, and financial institutions to collaborate.

With an annual growth rate of 7.1%, the country's construction market is projected to become the third most important in the world by 2025. Cement, technology, steel, and other related industries will feel the effects of any improvements made to the construction sector. A developed country is easily recognizable by its well-developed infrastructure. Foreign direct investment (FDI) in North India's construction sector will open up exciting new opportunities for the sector's growth.

V. CONCLUSIONS

Despite the ongoing difficulties caused by the COVID-19 pandemic, the construction industry in India is seeing opportunities for expansion, inventiveness, and resilience. The key to the industry's recovery and success in the post-COVID-19 era will be to adapt to the changing landscape, embrace digitalization, prioritize health and safety, and implement environmentally friendly methods. Although there are indications of improvement in the Indian construction industry, it is important to remember that different regions and segments may experience varying degrees of recovery at different rates. A number of variables, including ongoing government support, infrastructure development, technology adoption, and the requirement for inexpensive housing, will determine the character of the construction industry's recovery in India following COVID-19.

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