Introduction:
The construction industry is the second largest industry of the country after agriculture. It makes a significant contribution to the national economy and provides employment to large number of people. Construction activity is an integral part of country’s infrastructure and industrial development and is poised for further growth on account of industrialization, urbanization, economic development and people’s rising expectations for improved quality of living. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, drainage); highways, roads, ports, railways, airports, power systems; irrigation and agriculture systems, telecommunications, etc. Covering as it does, such a wide spectrum, construction becomes the basic input for socio-economic development. The construction industry is the infrastructure of the infrastructure industry. Construction industry consumes 40-50% of the National Plan outlay and contributes 20% of GDP. Besides, the construction industry generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages. It is essential, therefore, that, this vital activity is nurtured for the healthy growth of the economy.

The construction sector has seen phenomenal activity over the last couple of years. Considered as the building blocks of development, construction has played a vital role in the transformation of India, catering to its infrastructural needs, housing requirements and transportation solutions. Government emphasis on infrastructure has been crucial in fuelling construction activity. The sector has also made inroads in engineering and design, building materials and equipment to keep pace with the growing demands of the country.

The importance of the sector is further highlighted by a few key facts. Construction is the second largest employer and contributor to GDP, accounting for nearly 7% of the GDP in the country, second only to agriculture. In fact, as per the economic survey, the rate of growth at factor cost on prices levels of 2004-05,
has grown at 6.5% in 2009-10. Additionally, of the total investment in infrastructure 65% is accounted for by construction activity. **In 2009, Indian construction was the ninth largest market in the world estimated at $246.5 billion and accounting for 3.3% of global market share, as per the Global Construction 2020 report by Oxford Economics.** From 2014-2020, India is pegged to be the second largest market with an estimated CAGR of 8.9%.

**Foreign Direct Investment (FDI) in Construction Sector in India:**
The Government of India has permitted FDI up to 100% for development of integrated townships in India last year. India is now the second most favoured destination for FDI, behind China. Besides these, there are projects coming up to develop special bio-technology parks and IT parks.

**Classification of Construction Industry:**
The construction industry comprises establishments that are primarily engaged in the construction of buildings or engineering projects (e.g. highways and utility systems). This may include new work, additions, alterations or maintenance and repairs. The construction industry is divided into three major sectors as follows:

(a) The first is the construction of buildings (both residential and non-residential).

(b) The second involves heavy and civil engineering such as utility systems, land subdivision and highways, streets and bridges.
Firms in these two sectors are primarily engaged in contracts that include responsibility for all aspects of individual projects and are commonly known as general contractors.

(c) The third major sector of construction industry includes establishments in the specialty trades, which are primarily engaged in activities to produce a specific component (e.g. masonry, painting and electrical work) of a project. Specialty trade contractors obtain orders for their work from general contractors, architects or property owners.