

Minutes of 20th Annual General Meeting

The 20th Annual General Meeting (AGM) of the Construction Association of Bhutan (CAB) was held from September 8th -11th, 2023 at the conference hall of Dusit D2 Yarkey in Thimphu Bhutan. The President of CAB chaired the AGM, with the participation of the Board Members.

The AGM saw the active involvement of representatives from all 20 Dzongkhags, led by the Chairperson of the Dzongkhag Liasion Committee, as well as walk-in participants from nearby areas.

Over the course of the four-day AGM, various issues related to the construction industry were discussed. These discussions included agendas submitted by Dzongkhags and pertinent issues raised by the CAB Secretariat, reflecting a comprehensive examination of industry concerns.

Agenda	Deliberation	Resolution
<p>AGM 20.1.1 Membership Fee</p>	<p>The Executive Director of the CAB proposed to the participants of the 20th Annual General Meeting to make a system of collecting the membership fee once in two years. This proposal was came into surface as contractors were not willing to pay the membership fees yearly. They pay a visit to the office only when it is time for them to renew the BCTA certificate since they need to procure Non-registered equipment endorsement from the CAB Secretariat. <i>Detail of membership fee structure Annexure I</i></p>	<p>The floor agreed the proposal of the CAB Secretariat regarding the membership fee structure.</p>
<p>AGM 20.1.2 Contractors Development Fund</p>	<p>Proposal to deduct 0.15% from all the contract amount from the winning project amount in favor of Construction Association of Bhutan.</p>	<p>The floor unanimously agreed to propose to the govt. to deduct 0.05% from all the winning project amount in favor of the Construction Association of Bhutan's Account (Contractors Development Fund) for the capacity building of the Contractors, R&D and employment of additional experts.</p>

<p>AGM 20.1.3 Equipment requirement of small class</p>	<p>Equipment requirement for the small class construction was discussed</p>	<p>For quality and timely assurance of the project, the representative of small contractors of the Association agreed to propose to the govt. to consider mandatory requirement of one or any of the following equipment for registration and availing BCTA certificate:</p> <ol style="list-style-type: none"> 1. Concrete Vibrator 2. Concrete mixer machine 3. Wood Planner 4. Meggar
<p>AGM 20.2 Discussion on registration of CAB under CSOA</p>	<p>The Executive Director has informed the gathering that the Construction Association of Bhutan is registered as Public Benefit Organization since 2012. There are two categories under CSOA for the interested Association to get registered upon fulfilling the terms and conditions of the CSO Act. As per the recent notification or information from the CSOA, the CAB Secretariat was informed that any company to be registered under the CSOA need have certain amount as endowment fund and administrative fund. This rules will be effective after 2 (two) years from now. <i>Amount details in the Annexure II</i> Further CAB Secretariat not being able to meet the required amount was informed to the gathering.</p>	<p>It was decided that we will wait till the CSOA applies this rules in two years down the line.</p>
<p>AGM 20.3 Update from 19th AGM</p>	<p>Action Taken report of 19th Annual General Meeting was presented to the participants gathered during the 20th AGM</p>	

<p>AGM 20.4 Secretariat Points</p> <p><i>AGM 20.4.1</i> Tax Deducted at Source (TDS)</p>	<p>The contractor has to prepare detailed accounts after work done for assessment in the future. The contractor may be given a choice to deposit 2.5% TDS and not be access later or to prepare accounts that will be access later.</p>	<p>As per the rules and regulation of the DRC 2% TDS is deducted at the source. All representative of the contractors decided to request the MOF to consider the option of adjusting the TDS as final tax of that particular tax year without having to submit books of account for assessment irrespective whether the projects run in loss or profit for that particular year.</p>
<p><i>AGM 20.4.2</i> Recognizing Construction Association of Bhutan</p>	<p>Recognizing the Construction Association of Bhutan (CAB), all contractors should process the complaint through CAB. The procuring agencies should not entertain any complain received from contractors without endorsement from the CAB. CAB will study the case and may or may not forward the case.</p>	<p>The floor has decided and agreed to proposed to the govt. that any issues/compliant either from the contractors or procuring agencies should be routed through CAB Secretariat even if the issues has been submitted to govt. agencies by individual(s) shall be forwarded to CAB for review and resubmission.</p>
<p>AGM 20.5 Agenda from Dzongkhag</p> <p><i>AGM 20.5.1</i> Procurement Rules & Regulations</p>	<p>Limited Tendering Method - this method informs only few contractors about the project and contractors working in the same region is not informed about the upcoming projects. It was discuss that contractors working in that particular region need to be informed about the project.</p> <p>Defect Liability Period – it was proposed that defect liability period need to reduce to one year.</p>	<p>Since the PRR 2023 was published without much changes and issues that were raised during the 19th AGM to the official from the Department of Procurement & Properties are not incorporated. So, the 20th AGM decided to propose for revisiting of the PRR 2023 and the proposal to the government will be - The contractors feels this rules are lopsided in order to achieve the desired result, the mutual respect for both procuring agencies and contractors, the AGM decided that we will request the PM to consider reviewing the perceived disputed clauses within the PRR 2023 as an urgent issues/Matter.</p>
<p><i>AGM 20.5.2</i> Audit Issues</p>	<p>Audit Issues – Not involving the contractors in physical measurement/Exit meeting/memo</p>	<p>CAB Secretariat will reappraise Auditor General, Royal Audit Authority.</p>

<p>AGM 20.5.3 Community Contract</p>	<p>Issues of small project being carried out by the community contract was raised by the representative of the small class contractors during the 20th AGM. This has affected the small class contractors from getting the projects.</p>	<p>During the 20th AGM it was decided to submit this issues to the government - Owing to unemployment issues, the number of people interested in obtaining a contractor's license has increased to pursue business prospects. As of September 10, 2023, there are 2695 registered contractors with the Bhutan Construction and Transport Authority, of which 2189 are small class contractors. These contractors are present in practically in every Dzongkhag and made up an average of about 10 contractors per gewog nationwide. Keeping in view that transformation in the country where professionalism is encouraged along with labour rules for OHS the need to consider reviewing the necessity of community contract by the locals were thoroughly discussed especially by the representative of the small class contractors.</p> <p>Apart from the above, it is reported that most of the works carried out by the community contract are not up to the required quality and are likely to foster corruption as reported by ACC and RAA.</p>
<p>AGM 20.5.4 Requirement of Non-National Worker</p>	<p>Requirement of non – national killed worker.</p>	<p>It was decided to propose to the government to give training to the current construction employees or interested Bhutanese youth in various field for self-sufficient of skilled worker in the country.</p>
<p>AGM20.6 President's Agendas AGM 20.6.1 Formation of Consortium</p>	<p>Formation of contractor's consortium to pool resources, expertise & capital to build capacity to take up mega projects such as small hydro projects and city development.</p>	<p>The idea of forming the consortium was supported by the participants gathered during the 20th AGM.</p> <p>Interested contractors were asked to submit their name list.</p>

<p>AGM 20.6.2 Fail Safe Mechanism</p>	<p>The President of CAB has shared his idea of implementing the fail safe mechanism, whole idea was to help one another in terms of human resources, knowledge sharing if needed to the extent of helping with capital resources as well since we are working in the same sector.</p>	
<p>AGM 20.6.3 Dzongkhag Tour</p>	<p>The President informed the gathering that the need of Dzongkhag or regional tour and conduct a meeting with Dzongkhag representatives and contractors of the particular Dzongkhag to discuss the issues related to the construction sector.</p>	<p>The idea was supported by the AGM participants.</p>
<p>AGM 20.7 Any other Matter</p> <p>AGM 20.7.1 Locally available material</p>	<p>In some tender document there are some condition that the contractors should use products like GRC materials in the areas where they have to travel days from the road points where locally available materials can suffices. It was proposed that while preparing the tender document it should be prepare after studying the project location</p>	<p>ED informed the gathering that he will appraise during the drafting of SBD revision.</p>
<p>AGM 20.7.2 Appointment of DLC</p>	<p>We do not have Chairperson, DLC of Chukha and Tsirang Dzongkhag so decided to elect on 20th Annual General Meeting</p>	<p>Mr. Zeko Dukpa, Lamnekha Construction Pvt Ltd is elected as Chairperson, DLC, Chukha.</p> <p>Ms. Tshering Lhamo, Langtob Construcion, Tsirang is elected as Chairperson, DLC, Tsirang</p>
	<p>Proposal to change chairperson, DLC, Dagana.</p>	<p>President directed the representatives from Dagana to elect chairperson, DLC Dagana once they get back to their Dzongkhag and report back to CAB Secretariat so that we can issue office order for new Chairperson.</p>
<p>AGM 20.7.3 Non-Performing Loan</p>	<p>NPL – most of the contractors are under the NPL and proposed to at least grant BG even if the contractors are under NPL</p>	<p>Looking at the current economic situation of the country, construction industry is going through a financial crisis where most of the contractors are having difficulty in repaying the</p>

	<p>President informed the gathering that if the concerned individual has OD on one item on his/her name</p>	<p>loan acquired from various banks. Since the contractors are not being able to pay the installment on time the loan acquired by the contractors has turned into non-performing loan (NPL), in order to be able to service the loans and acquire works it is imperative that the contractors are at least favored the option of availing BGs (not financial loans) in order to fulfill government contracts requirement.</p>
<p>AGM 20.7.4 Check Signing Authority</p>	<p>Dzongkhag Liaison Committee has submitted to have a dual signing authority on the check of the CAB Secretariat</p>	<p>Cheque Signing Authority of the CAB should be President, Executive Director and Finance Officer.</p>
<p>AGM 20.7.5 Non Registered Equipment endorsement</p>	<p>Non Registered Equipment – number of NRE forwarded from the respective Dzongkhags need to be segregated Dzongkhag wise and email it to the Chairperson, DLCs on a monthly basis.</p>	<p>CAB Secretariat will do the necessary as per the proposal.</p>
<p>AGM 20.7.6 Account Details</p>	<p>The Chairperson, DLCs wanted the CAB secretariat to send them the monthly details of the accounts of the Secretariat.</p>	<p>Email monthly closing of account to the Chairperson, DLCs.</p>
<p>AGM 20.7.7 Chairperson, DLC monthly remuneration.</p>	<p>Proposal For DLCs to at least consider yearly membership of the DLCs.</p> <p>The ED informed the gathering that due to the diverse classes represented by the DLCs, the membership fees would vary among them, resulting in unequal payments. So informed them to pay as per the Article of Association (AoA).</p> <p>The ED also informed them that due to financial constraints within the Association, we were unable to compensate the Chairperson,</p>	<p>The Chairperson, DLCs will be compensated as per the AoA.</p>

	DLCs in accordance with the provisions outlined in the AoA.	
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Given the significance of the topics discussed, especially those related to government agencies, a special request was made for the Hon'ble Prime Minister to attend the closing ceremony. This allowed attendees to have direct interaction with the Hon'ble Prime Minister and present their concerns directly. The Hon'ble Prime Minister of the Ministry of Infrastructure and Transport and the Minister of the Ministry of Energy and Natural Resources, graced the closing ceremony. During this event, several issues related to the government were submitted for consideration.

The involvement of high-ranking government officials in the closing ceremony demonstrated a commitment to addressing the concerns of the construction industry and the AGM concluded with a platform for dialogue and potential resolutions to these issues.

Proposal to collect Membership Fees every two years		
Category	Current Fee structure	Proposal
	Amount (NU)	Amount (NU)
Large	30,000	50,000
Medium	10,000	15,000
Small	2,000	4,000

Annexure II

Public benefit Organization – PBO	Amount	Mutual Benefit Organization – MBO	Amount
Endowment fund	3 million	Endowment fund	1.5 million
Administrative fund	1 million	Administrative fund	.5 million