

# STUDY ON PROJECT SCHEDULE AND COST OVERRUNS

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## ABSTRACT

*Risk plays an important role in the success of construction project. In managing risk, identification of risk factors is very critical. Hence, this study focused on the investigation of risk factors from contractors' perspective as the contractors are key players in the success of a project. Investigations on the risk factor involved 35 common risk factors classified in five categories and ranking them with the help of questionnaire survey. The data has been Theoretical analysed by following techniques:- Frequency Index, Severity Index, Importance Index and Relative Importance Index. Results found that the five most important risk factors in construction project are escalation in price of material, changes in government regulations and laws, shortages of materials and equipment's, cash flow and financial difficulties. Method developed in this study can help agencies and hence estimation of expected overruns of final cost and delay in completion time for their planned project. The findings of this study would assist in dealing with risks encountered in construction projects.*

**Keyword:** Risk Factors, overrun, Delay, Cost overrun, Construction projects, Time overrun.

## 1. INTRODUCTION

Construction industry is usually riskier as compared to other business activity because of the complexity in coordinating various activities. Furthermore, each project is unique and often incorporated with new techniques and procedures. The core element of project success is to meet the time, cost, and quality as targeted. In order to achieve these targets, risk may appear in many ways and could result in time overrun, budget overrun, financial losses, loss of life, environmental damage, and many more failures. Therefore, project can be positively success by considering the risks where it normally tends to give positive and negative effect on the project. The project time overrun and cost overrun problem is faced by numerous countries and the study on the causes of these problems is also conducted such as India. In most construction projects, best possible performance is unachievable with poor productivity resulting in time overrun and consequently cost escalation of the projects. The occurrence of delay is may concurrently with other delays and all of them can impact the project completion date. In delay project experiences delays in construction period where different gaps occurred between the actual progress on site work and scheduled work. Hence, projects are failed to complete in construction period as per contract and this failure to achieve targeted time, budgeted cost and specified quality results in various negative effects. Services provided by infrastructure projects serve as input for other sectors, and cost overruns in these projects lead to an increase in the capital-output ratio for the entire economy.

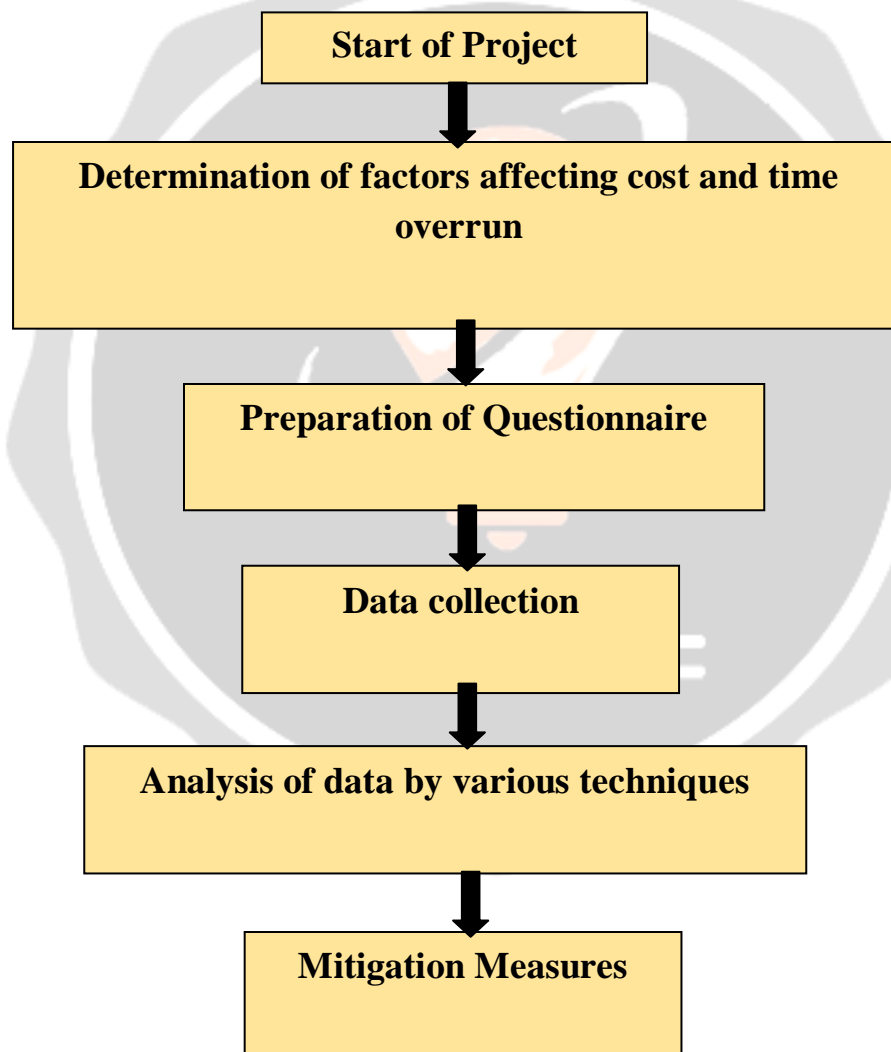
The construction industry plays an important role in achieving fully developed nation status. Completing projects on time are an indicator of efficient construction industry. In fact, a project is considered 'successful' if it is completed on time, within budget and to the specified quality. Normally, when the projects are delayed, they are either extended or accelerated and therefore, incur additional cost. To the dislike of owners, contractors and consultants many projects experience extensive delays and thereby exceed initial time and cost estimates. The construction process is subject to many variables and unpredictable factors. Delivering a project on time does not occur by hoping that the required completion date will be met. To plan and manage a successful project, the three parameters of time, cost and quality should be considered. The clients in the construction industry are primarily concerned with quality, time and cost. But majority of construction projects are procured on the basis of the

constraints time and cost. Cost escalation and time overruns are typically associated with poor management practices.

### 1.1 Objectives

- To study and establish the reason affecting project schedule and cost overruns in construction projects.
- To assist contractors in dealing with risks encountered in construction projects and give appropriate mitigation measures.

## 2. RESEARCH METHODOLOGY



### 2.1 Identification of Factors

The research methodology for present study contains two phases. The first includes a literature search. The literature review was conducted through books, conference proceedings, internet and international project

management journals. As the outcome of this phase, 35 causes of cost and time overrun in construction projects were identified. These causes were categorised in five main groups as:-

- Owner
- Contractor
- Consultant
- Resource
- External

## 2.2 Questionnaire Design

The questionnaire will be designed based on above factors and the respondents will give the ranking based on following five terms-

- A: Strongly Agree
- B: Agree
- C: Neither Agree nor Disagree
- D: Disagree
- E: Strongly Disagree

### 1. Personal Information:

|                 |
|-----------------|
| Name :          |
| Company :       |
| Address :       |
| City :          |
| Email Address : |

### 2. Designation:

|  |
|--|
|  |
|--|

### 3. Industrial Experience:

|  |
|--|
|  |
|--|

4. Please identify whether following factors have caused delays or cost overrun, % Cost Overrun and % Time Overrun in various construction projects:

(Please tick against the best option which you think has maximum effect)

1] For factors:

- A: Strongly Agree.
- B: Agree.
- C: Neither Agree Nor Disagree.
- D: Disagree.
- E: Strongly Disagree.

2] For % Cost and Time Overrun:

A: 0-5%

B: 5-10%

C: 10-50%

D: 50-100%

| Group      | Factors  |   |   |   |   |   | % Cost Overrun |   |   |   | % Time Overrun |   |   |   |
|------------|--|---|---|---|---|---|----------------|---|---|---|----------------|---|---|---|
|            |  | A | B | C | D | E | A              | B | C | D | A              | B | C | D |
| Owner      | 1. Change in scope of project.                                 |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 2. Delay in progress payment.                                  |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 3. Poor communication and co-ordination by owner with parties. |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 4. Financial Difficulties of owner.                            |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 5. Decision making (delay).                                    |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 6. Unrealistic Contract Duration                               |   |   |   |   |   |                |   |   |   |                |   |   |   |
| Contractor | 1. Cash flow and financial difficulties.                       |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 2. Rework due to errors during construction                    |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 3. Delay in site mobilisation.                                 |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 4. Lack of experience.   |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 5. Poor site management and supervision.                       |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 6. Inadequate planning and scheduling.                         |   |   |   |   |   |                |   |   |   |                |   |   |   |
|            | 7. Conflicts between contractor and other parties.             |   |   |   |   |   |                |   |   |   |                |   |   |   |

| Group      | Factors   |   |   |   |   | % Cost Overrun |   |   |   | % Time Overrun |   |   |   |   |
|------------|---|---|---|---|---|----------------|---|---|---|----------------|---|---|---|---|
|            |   | A | B | C | D | E              | A | B | C | D              | A | B | C | D |
| Consultant | 1. Mistakes and errors in design.                               |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 2. Delay in preparation and approval of drawing.                |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 3. Inflexibility of consultant.                                 |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 4. Delay in Inspection and approval of completed works.         |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 5. Inadequate experience.                                       |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 6. Incomplete design at time of tenders.                        |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 7. Complexity of project design                                 |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 8. Inadequate and unclear details in drawing.                   |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 9. Misunderstanding of owner’s requirements by Design Engineer. |   |   |   |   |                |   |   |   |                |   |   |   |   |
|            | 10. Misunderstanding between Architect and Structural Engg.     |   |   |   |   |                |   |   |   |                |   |   |   |   |

| Group    | Factors  |   |   |   |   | % Cost Overrun |   |   |   | % Time Overrun |   |   |   |   |
|----------|--|---|---|---|---|----------------|---|---|---|----------------|---|---|---|---|
|          |  | A | B | C | D | E              | A | B | C | D              | A | B | C | D |
| Resource | 1. Shortage of materials and equipments.       |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 2. Late delivery of material and equipment.    |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 3. Escalation in prices of material.           |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 4. Late Procurement.                           |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 5. Labour Productivity                         |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 6. Shortage of site workers.                   |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 7. Personal conflicts among workers.           |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 8. Equipment breakdown.                        |   |   |   |   |                |   |   |   |                |   |   |   |   |
| External | 1. Political and social issues.                |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 2. Delay in permission from local authority.   |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 3. Accidents on sites.                         |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 4. Different weather and site conditions.      |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 5. Delay in providing services from utilities. |   |   |   |   |                |   |   |   |                |   |   |   |   |
|          | 6. Changes in government regulations and laws. |   |   |   |   |                |   |   |   |                |   |   |   |   |

Remark:

Rating:

- Not Good ( )
- Good ( )
- Very Good ( )

Stamp and Signature

## 2.3 Data Analysis Methods

After consideration of factors and ranking them with the help of questionnaire survey, the data can be analysed by any of these following techniques:-

### A) Theoretical Analysis:-

- Frequency Index
- Severity Index
- Importance Index
- Relative Importance Index

#### 1. Frequency Index:

A formula is used to rank causes of delay based on frequency of occurrence as identified by the respondents.

$$\text{Frequency Index} = (\sum (a \cdot n) \div N) * (100 \div 4)$$

Where a is the constant expressing weighting given to each response (ranges from 1 for rarely up to 4 for always), n is the frequency of the responses, and N is the total number of responses.

| GROUP      | FACTORS | 1      | 2      | 3      | 4      | 5      | FI     |
|------------|---------|--------|--------|--------|--------|--------|--------|
| OWNER      | 1       | 7.857  | 17.143 | 10.714 | 0.000  | 0.000  | 35.714 |
|            | 2       | 7.857  | 22.857 | 0.000  | 2.857  | 0.000  | 33.571 |
|            | 3       | 2.857  | 17.143 | 21.429 | 2.857  | 0.000  | 44.286 |
|            | 4       | 12.143 | 15.714 | 0.000  | 0.000  | 0.000  | 27.857 |
|            | 5       | 7.857  | 20.000 | 6.429  | 0.000  | 0.000  | 34.286 |
|            | 6       | 4.286  | 22.857 | 6.429  | 8.571  | 0.000  | 42.143 |
| CONTRACTOR | 7       | 14.286 | 7.143  | 4.286  | 2.857  | 0.000  | 28.571 |
|            | 8       | 0.714  | 21.429 | 21.429 | 5.714  | 0.000  | 49.286 |
|            | 9       | 1.429  | 14.286 | 17.143 | 20.000 | 0.000  | 52.857 |
|            | 10      | 6.429  | 11.429 | 15.000 | 11.429 | 0.000  | 44.286 |
|            | 11      | 7.143  | 17.143 | 4.286  | 2.857  | 10.714 | 42.143 |
|            | 12      | 9.286  | 17.143 | 4.286  | 2.857  | 0.000  | 33.571 |
| CONSULTANT | 13      | 5.000  | 14.286 | 21.429 | 2.857  | 0.000  | 43.571 |
|            | 14      | 5.000  | 22.857 | 6.429  | 5.714  | 0.000  | 40.000 |
|            | 15      | 6.429  | 18.571 | 4.286  | 8.571  | 0.000  | 37.857 |
|            | 16      | 5.714  | 15.714 | 10.714 | 2.857  | 10.714 | 45.714 |
|            | 17      | 7.143  | 14.286 | 12.857 | 5.714  | 0.000  | 40.000 |
|            | 18      | 2.143  | 14.286 | 10.714 | 28.571 | 0.000  | 55.714 |
|            | 19      | 7.857  | 11.429 | 4.286  | 11.429 | 10.714 | 45.714 |
|            | 20      | 3.571  | 12.857 | 21.429 | 5.714  | 7.143  | 50.714 |
|            | 21      | 2.143  | 21.429 | 8.571  | 8.571  | 10.714 | 51.429 |
|            | 22      | 6.429  | 12.857 | 12.857 | 8.571  | 3.571  | 44.286 |
| RESOURCE   | 23      | 5.000  | 15.714 | 17.143 | 2.857  | 3.571  | 44.286 |
|            | 24      | 7.857  | 17.143 | 2.143  | 11.429 | 0.000  | 38.571 |
|            | 25      | 4.286  | 25.714 | 0.000  | 2.857  | 10.714 | 43.571 |
|            | 26      | 5.000  | 18.571 | 8.571  | 11.429 | 0.000  | 43.571 |
|            | 27      | 6.429  | 22.857 | 2.143  | 5.714  | 0.000  | 37.143 |
|            | 28      | 4.286  | 18.571 | 12.857 | 8.571  | 0.000  | 44.286 |
|            | 29      | 5.714  | 18.571 | 6.429  | 11.429 | 0.000  | 42.143 |
|            | 30      | 1.429  | 7.143  | 30.000 | 17.143 | 3.571  | 59.286 |
|            | 31      | 2.857  | 17.143 | 19.286 | 2.857  | 7.143  | 49.286 |
|            | 32      | 3.571  | 14.286 | 21.429 | 8.571  | 0.000  | 47.857 |
| EXTERNAL   | 33      | 8.571  | 14.286 | 10.714 | 2.857  | 0.000  | 36.429 |
|            | 34      | 1.429  | 15.714 | 32.143 | 0.000  | 0.000  | 49.286 |
|            | 35      | 2.143  | 20.000 | 17.143 | 2.857  | 7.143  | 49.286 |
|            | 36      | 1.429  | 28.571 | 8.571  | 5.714  | 0.000  | 44.286 |
|            | 37      | 5.714  | 20.000 | 12.857 | 0.000  | 0.000  | 38.571 |

Table 1- Frequency Index For Overall Overrun

## 2. Severity Index:

A formula is used to rank causes of delay based on severity of occurrence as identified by the participants.

$$\text{Severity Index} = (\sum (a \cdot n) \div N) * (100 \div 4)$$

Where a is the constant expressing weighting given to each response (ranges from 1 for little up to 4 for severe), n is the frequency of the responses, and N is the total number of responses.

| GROUP      | FACTORS | 1     | 2     | 3     | 4     | 5     | SI    |
|------------|---------|-------|-------|-------|-------|-------|-------|
| OWNER      | 1       | 39.29 | 34.29 | 10.71 | 0.00  | 0.00  | 84.29 |
|            | 2       | 39.29 | 45.71 | 0.00  | 2.86  | 0.00  | 87.86 |
|            | 3       | 17.86 | 34.29 | 21.43 | 2.86  | 0.00  | 76.43 |
|            | 4       | 60.71 | 31.43 | 0.00  | 0.00  | 0.00  | 92.14 |
|            | 5       | 39.29 | 40.00 | 6.43  | 0.00  | 0.00  | 85.71 |
|            | 6       | 21.43 | 45.71 | 6.43  | 8.57  | 0.00  | 82.14 |
| CONTRACTOR | 7       | 71.43 | 14.29 | 4.29  | 2.86  | 0.00  | 92.86 |
|            | 8       | 3.57  | 42.86 | 21.43 | 5.71  | 0.00  | 73.57 |
|            | 9       | 7.14  | 28.57 | 19.29 | 20.00 | 0.00  | 75.00 |
|            | 10      | 32.14 | 22.86 | 15.00 | 11.43 | 0.00  | 81.43 |
|            | 11      | 35.71 | 34.29 | 4.29  | 2.86  | 10.71 | 87.86 |
|            | 12      | 46.43 | 34.29 | 4.29  | 2.86  | 0.00  | 87.86 |
| CONSULTANT | 13      | 25.00 | 28.57 | 21.43 | 2.86  | 0.00  | 77.86 |
|            | 14      | 25.00 | 45.71 | 6.43  | 5.71  | 0.00  | 82.86 |
|            | 15      | 35.71 | 37.14 | 4.29  | 8.57  | 0.00  | 85.71 |
|            | 16      | 28.57 | 31.43 | 10.71 | 2.86  | 10.71 | 84.29 |
|            | 17      | 35.71 | 28.57 | 12.86 | 5.71  | 0.00  | 82.86 |
|            | 18      | 10.71 | 28.57 | 10.71 | 28.57 | 0.00  | 78.57 |
|            | 19      | 39.29 | 22.86 | 4.29  | 11.43 | 10.71 | 88.57 |
|            | 20      | 17.86 | 25.71 | 21.43 | 5.71  | 7.14  | 77.86 |
|            | 21      | 10.71 | 42.86 | 8.57  | 8.57  | 10.71 | 81.43 |
|            | 22      | 32.14 | 25.71 | 12.86 | 8.57  | 3.57  | 82.86 |
| RESOURCE   | 23      | 25.00 | 31.43 | 17.14 | 2.86  | 3.57  | 80.00 |
|            | 24      | 39.29 | 34.29 | 2.14  | 2.86  | 0.00  | 78.57 |
|            | 25      | 21.43 | 51.43 | 0.00  | 2.86  | 10.71 | 86.43 |
|            | 26      | 25.00 | 37.14 | 8.57  | 11.43 | 0.00  | 82.14 |
|            | 27      | 32.14 | 45.71 | 2.14  | 5.71  | 0.00  | 85.71 |
|            | 28      | 21.43 | 37.14 | 12.86 | 8.57  | 0.00  | 80.00 |
|            | 29      | 28.57 | 37.14 | 6.43  | 11.43 | 0.00  | 83.57 |
|            | 30      | 7.14  | 14.29 | 30.00 | 17.14 | 3.57  | 72.14 |
| EXTERNAL   | 31      | 14.29 | 34.29 | 19.29 | 2.86  | 7.14  | 77.86 |
|            | 32      | 17.86 | 28.57 | 21.43 | 8.57  | 0.00  | 76.43 |
|            | 33      | 42.86 | 28.57 | 10.71 | 2.86  | 0.00  | 85.00 |
|            | 34      | 7.14  | 31.43 | 32.14 | 0.00  | 0.00  | 70.71 |
|            | 35      | 10.71 | 40.00 | 17.14 | 2.86  | 7.14  | 77.86 |
|            | 36      | 7.14  | 57.14 | 8.57  | 5.71  | 0.00  | 78.57 |
|            | 37      | 28.57 | 40.00 | 12.86 | 0.00  | 0.00  | 81.43 |

Table 2- Severity Index For Overrun



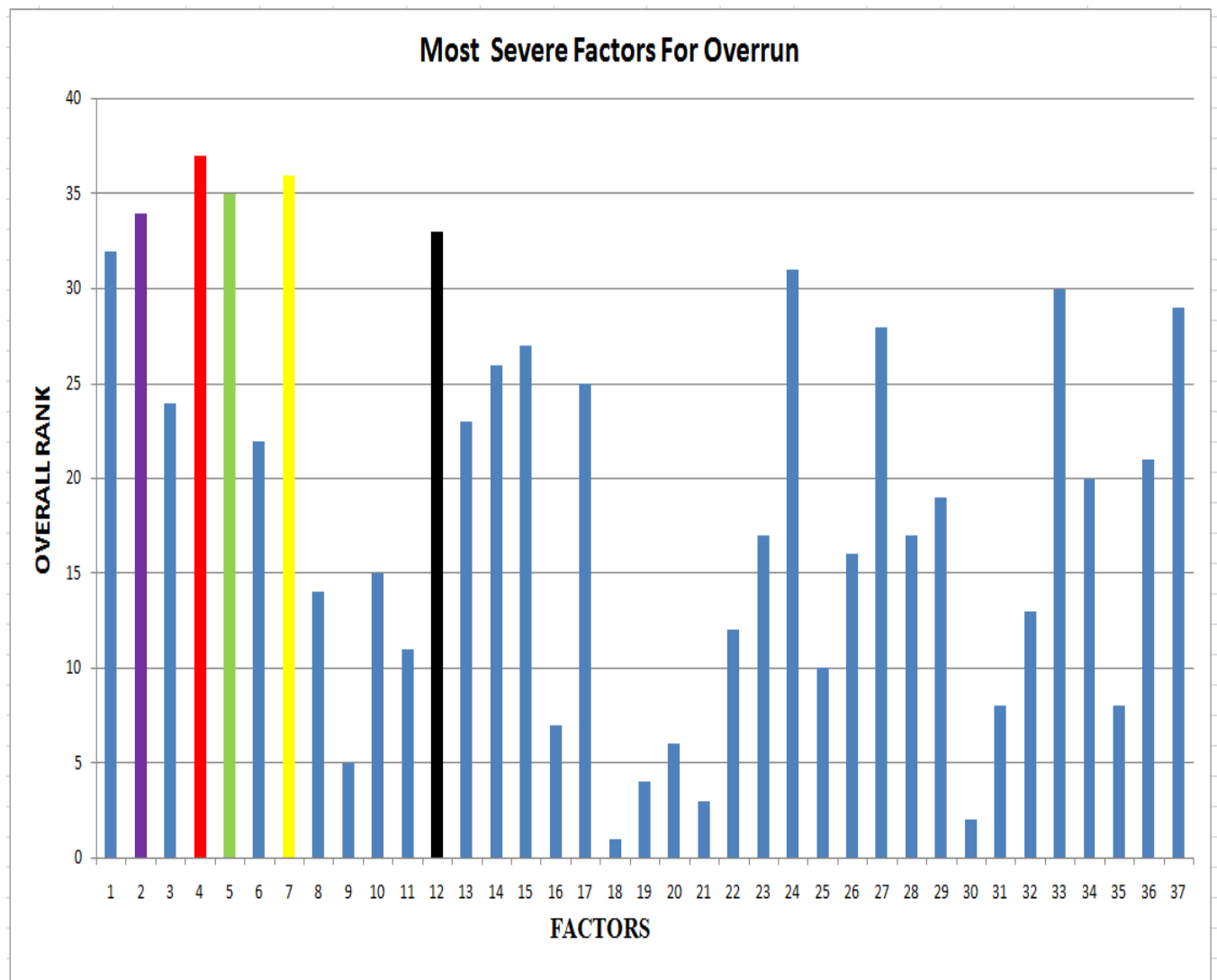
### 3. Importance Index:

The importance index of cause is calculated as a function of both frequency and severity indices, as follows:

$$\text{Importance Index (LI \%)} = (\text{Frequency Index \%} * \text{Severity Index \%}) \div 100$$

| Sr. No. | FACTORS  | FI     | SI     | II     | Overall Rank |
|---------|--|--------|--------|--------|--------------|
| 1       | Change in scope of project.                                  | 35.714 | 84.286 | 30.102 | 6            |
| 2       | Delay in progress payment.                                   | 33.571 | 87.857 | 29.495 | 4            |
| 3       | Poor communication and co-ordination by owner with parties.  | 44.286 | 76.429 | 33.847 | 14           |
| 4       | Financial Difficulties of owner.                             | 27.857 | 92.143 | 25.668 | 1            |
| 5       | Decision making (delay).                                     | 34.286 | 85.714 | 29.388 | 3            |
| 6       | Unrealistic Contract Duration                                | 42.143 | 82.143 | 34.617 | 16           |
| 7       | Cash flow and financial difficulties.                        | 28.571 | 92.857 | 26.531 | 2            |
| 8       | Rework due to errors during construction                     | 49.286 | 73.571 | 36.260 | 24           |
| 9       | Delay in site mobilisation.                                  | 52.857 | 75.000 | 39.643 | 33           |
| 10      | Lack of experience.  | 44.286 | 81.429 | 36.061 | 23           |
| 11      | Poor site management and supervision.                        | 42.143 | 87.857 | 37.026 | 27           |
| 12      | Inadequate planning and scheduling.                          | 33.571 | 87.857 | 29.495 | 5            |
| 13      | Conflicts between contractor and other parties.              | 43.571 | 77.857 | 33.923 | 15           |
| 14      | Mistakes and errors in design.                               | 40.000 | 82.857 | 33.143 | 12           |
| 15      | Delay in preparation and approval of drawing.                | 37.857 | 85.714 | 32.449 | 11           |
| 16      | Inflexibility of consultant.                                 | 45.714 | 84.286 | 38.531 | 31           |
| 17      | Delay in Inspection and approval of completed works.         | 40.000 | 82.857 | 33.143 | 13           |
| 18      | Inadequate experience.                                       | 55.714 | 78.571 | 43.776 | 37           |
| 19      | Incomplete design at time of tenders.                        | 45.714 | 88.571 | 40.490 | 34           |
| 20      | Complexity of project design                                 | 50.714 | 77.857 | 39.485 | 32           |
| 21      | Inadequate and unclear details in drawing.                   | 51.429 | 81.429 | 41.878 | 35           |
| 22      | Misunderstanding of owner's requirements by Design Engineer. | 44.286 | 82.857 | 36.694 | 26           |
| 23      | Misunderstanding between Architect and Structural Engg.      | 44.286 | 80.000 | 35.429 | 20           |
| 24      | Shortage of materials and equipments.                        | 38.571 | 78.571 | 30.306 | 7            |
| 25      | Late delivery of material and equipment.                     | 43.571 | 86.429 | 37.658 | 28           |
| 26      | Escalation in prices of material.                            | 43.571 | 82.143 | 35.791 | 22           |
| 27      | Late Procurement.  | 37.143 | 85.714 | 31.837 | 10           |
| 28      | Labour Productivity  | 44.286 | 80.000 | 35.429 | 20           |
| 29      | Shortage of site workers.                                    | 42.143 | 83.571 | 35.219 | 19           |
| 30      | Personal conflicts among workers.                            | 59.286 | 72.143 | 42.770 | 36           |
| 31      | Equipment breakdown.   | 49.286 | 77.857 | 38.372 | 29           |
| 32      | Political and social issues.                                 | 47.857 | 76.429 | 36.577 | 25           |
| 33      | Delay in permission from local authority.                    | 36.429 | 85.000 | 30.964 | 8            |
| 34      | Accidents on sites.  | 49.286 | 70.714 | 34.852 | 18           |
| 35      | Different weather and site conditions.                       | 49.286 | 77.857 | 38.372 | 29           |
| 36      | Delay in providing services from utilities.                  | 44.286 | 78.571 | 34.796 | 17           |
| 37      | Changes in government regulations and laws.                  | 38.571 | 81.429 | 31.408 | 9            |

Table Error! No text of specified style in document.- Importance Index For Overall Factors.



**Graph 1- Most Severe Factors For Overrun**

Following colors indicates the severity of the factors affecting overrun:

|  |                          |
|--|--------------------------|
|  | <b>Extremely Severe</b>  |
|  | <b>Very Severe</b>       |
|  | <b>Severe</b>            |
|  | <b>Moderately Severe</b> |
|  | <b>Less Severe</b>       |

#### 4. Relative Importance Index technique:

Relative Importance Index is the method to determine the relative importance of the various causes and effects of delays. The same method is going to be adopted in this study within various groups (i.e. owner, consultant, contractor, resource and external). The five-point scale ranged from 1 (strongly agree) to 5 (strongly disagree) is adopted and transformed to relative importance indices (RII) for each factor as follows:

$$RII = \frac{\sum W}{A * N}$$

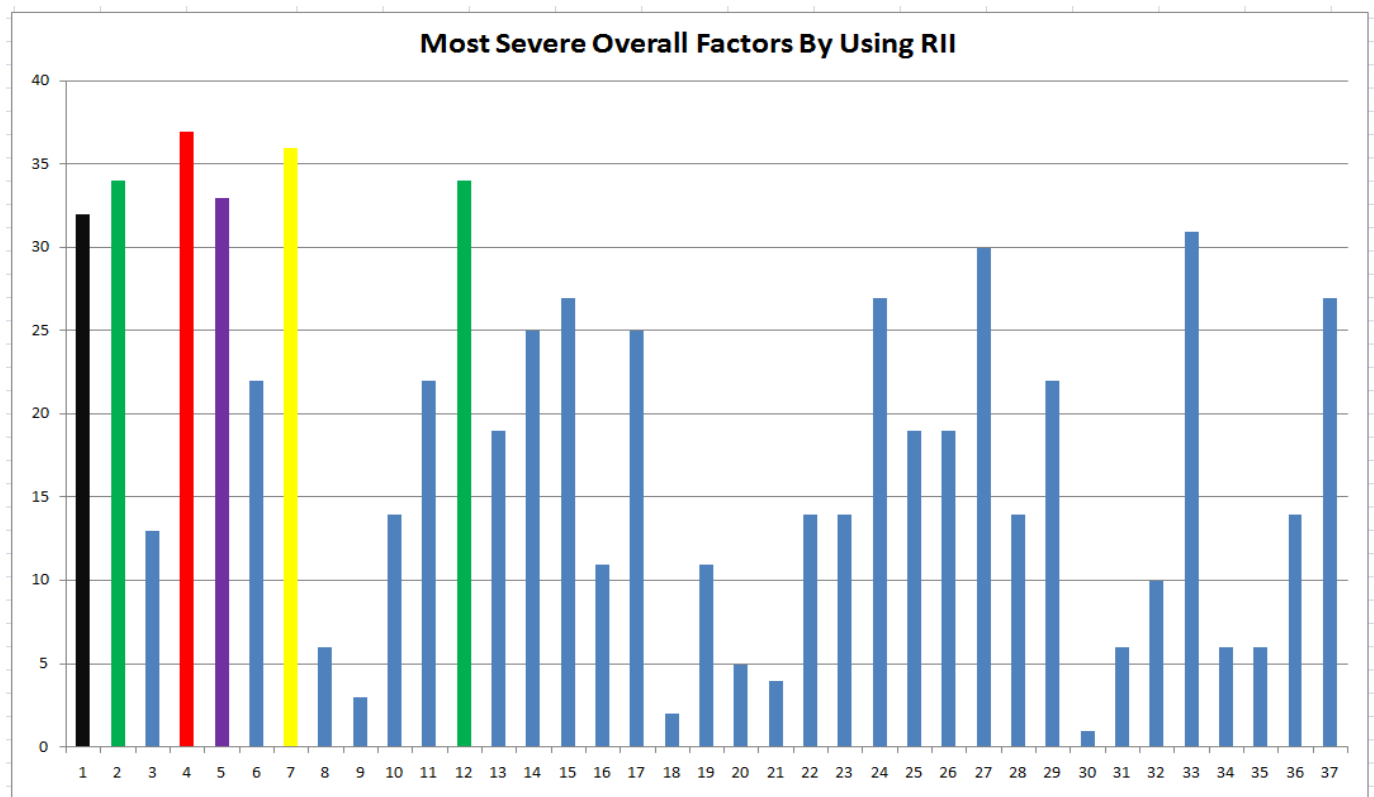
Where, W is the weighting given to each factor by the respondents (ranging from 1 to 5), A is the highest weight (i.e. 5 in this case), and N is the total number of respondents. The RII value had a range from 0 to 5 (0 not inclusive), higher the value of RII, more important was the cause of delays.

The RII was used to rank (R) the different causes. These rankings made it possible to cross-compare the relative importance of the factors as perceived by the 5 groups of respondents (i.e. owner, consultant, contractor, resource and external). Each individual cause's RII perceived by all respondents should be used to assess the general and overall rankings in order to give an overall picture of the causes of construction delays in

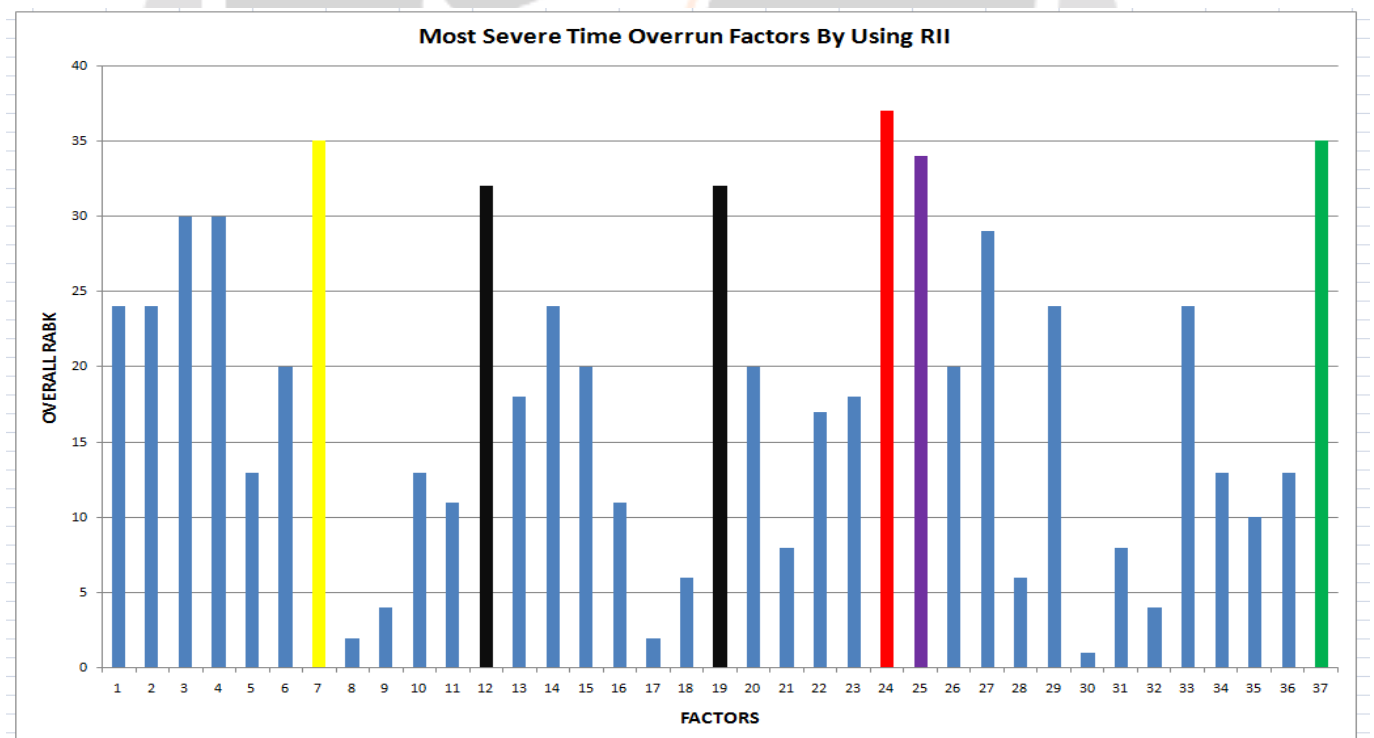
Indian construction industry.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | RII   | RANK |
|---|---|---|---|---|---|---|---|-------|------|
| 2 | 2 | 3 | 1 | 1 | 1 | 1 | 3 | 0.357 | 6    |
| 1 | 1 | 2 | 2 | 2 | 2 | 2 | 1 | 0.336 | 3    |
| 2 | 1 | 2 | 2 | 3 | 1 | 2 | 3 | 0.450 | 25   |
| 1 | 2 | 1 | 1 | 2 | 1 | 2 | 2 | 0.279 | 1    |
| 2 | 1 | 2 | 1 | 2 | 1 | 1 | 3 | 0.343 | 5    |
| 4 | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 0.421 | 14   |
| 2 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 0.286 | 2    |
| 3 | 2 | 3 | 2 | 3 | 2 | 2 | 2 | 0.493 | 29   |
| 4 | 2 | 4 | 3 | 3 | 2 | 3 | 2 | 0.550 | 35   |
| 4 | 1 | 1 | 3 | 2 | 1 | 2 | 4 | 0.443 | 20   |
| 2 | 1 | 5 | 2 | 2 | 1 | 1 | 2 | 0.421 | 14   |
| 2 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 0.336 | 3    |
| 2 | 2 | 3 | 1 | 3 | 3 | 3 | 1 | 0.436 | 17   |
| 1 | 2 | 3 | 2 | 2 | 2 | 4 | 1 | 0.400 | 12   |
| 1 | 1 | 4 | 1 | 2 | 1 | 3 | 2 | 0.386 | 9    |
| 2 | 3 | 5 | 2 | 1 | 1 | 3 | 2 | 0.457 | 26   |
| 2 | 2 | 3 | 2 | 1 | 1 | 4 | 2 | 0.400 | 12   |
| 4 | 2 | 4 | 3 | 2 | 2 | 4 | 4 | 0.557 | 36   |
| 4 | 1 | 5 | 2 | 1 | 1 | 3 | 3 | 0.457 | 26   |
| 2 | 3 | 5 | 2 | 3 | 1 | 3 | 3 | 0.507 | 33   |
| 2 | 2 | 5 | 1 | 2 | 2 | 4 | 3 | 0.514 | 34   |
| 5 | 2 | 2 | 3 | 1 | 1 | 4 | 3 | 0.443 | 20   |
| 5 | 1 | 3 | 1 | 1 | 3 | 3 | 2 | 0.443 | 20   |
| 2 | 1 | 4 | 2 | 2 | 2 | 1 | 3 | 0.386 | 9    |
| 1 | 2 | 5 | 2 | 2 | 1 | 2 | 2 | 0.436 | 17   |
| 1 | 2 | 4 | 2 | 2 | 1 | 2 | 4 | 0.436 | 17   |
| 2 | 2 | 1 | 2 | 2 | 2 | 2 | 4 | 0.371 | 8    |
| 2 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 0.443 | 20   |
| 2 | 2 | 1 | 2 | 2 | 1 | 2 | 2 | 0.421 | 14   |
| 3 | 3 | 4 | 3 | 2 | 3 | 3 | 3 | 0.593 | 37   |
| 2 | 2 | 5 | 1 | 3 | 2 | 3 | 3 | 0.493 | 29   |
| 3 | 3 | 4 | 1 | 2 | 3 | 3 | 4 | 0.479 | 28   |
| 1 | 1 | 3 | 1 | 2 | 2 | 1 | 4 | 0.364 | 7    |
| 3 | 2 | 3 | 3 | 2 | 2 | 3 | 3 | 0.493 | 29   |
| 2 | 2 | 5 | 2 | 2 | 1 | 3 | 3 | 0.493 | 29   |
| 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 0.443 | 20   |
| 3 | 3 | 2 | 1 | 2 | 1 | 2 | 3 | 0.386 | 9    |

**Table 4-** RII for Most Severe Overall Factors



**Graph 2- Most Severe Overall Factors by Using RII**



**Graph 3- Most Severe Time Overrun Factors By Using RII**

### 3. RESULT AND DISCUSSION

After consideration of factors and ranking them with the help of questionnaire survey, the data has been Theoretically analysed by following techniques:- Frequency Index, Severity Index, Importance Index and Relative Importance Index.

It was found that in theoretical analysis done by frequency index, severity index, importance index for overall overrun the financial difficulties of the owner was found to be extremely severe followed by cash flow and financial difficulties to be very severe and decision making to be severe. Similarly for cost overrun, escalation in prices of material, changes in government regulations and laws and financial difficulties of owner was found to be extremely severe, very severe, severe respectively. Also for time overrun, financial difficulties of owner, shortage of materials and equipments, cash flow and financial difficulties was found to be extremely severe, very severe, severe respectively.

In RII method, it was found that for overall overrun the financial difficulties of the owner was found to be extremely severe followed by cash flow and financial difficulties to be very severe and inadequate planning and scheduling to be severe. Similarly for cost overrun, escalation in prices of material, changes in government regulations and laws and financial difficulties of owner was found to be extremely severe, very severe, severe respectively. Also for time overrun, financial difficulties of owner, cash flow and financial difficulties, inadequate planning and scheduling was found to be extremely severe, very severe, severe respectively.

Analysis has shown a comparison of cost overruns trends among the different classification of construction organizations. The result of the study will be helpful in indicating the trend of cost and time overruns; moreover, these results can be useful for the owners in the selection of organizations for their upcoming projects with better control over cost and time overrun. This indicated that for achieving better cost performance and time performance contractors, project managers, owners are required to improve their management related to these identified factors. Besides that, these findings will benefit parties involved in managing cost performance of construction projects. It is recommended that more emphasis should be given on cost estimating, availability of materials on site, quick response, and clearance of legal aspects before commencement of project work.

### 4. CONCLUSIONS AND RECOMMENDATIONS

Construction companies are profit seeking organizations and their ultimate goal is to earn money and achieve the targeted profit margin at the end of each undertaken project. Achievement of this goal mainly depends on completing projects within the anticipated budget and time. However, in most construction projects, severe cost overruns, delays occur. There are several reasons behind these deviations. Every construction company is negatively affected by cost overruns. However, construction companies are enormously influenced by these cost overruns because they have limited capitals and thereby they are more vulnerable to risks. Therefore, they should thoroughly analyze the factors that may bring about cost overruns before they submit their bids for the construction projects.

This study aims to investigate the importance level of factors that may cause cost overruns in construction projects undertaken by construction companies. For this purpose, the relevant literature on cost overruns in construction projects was reviewed, a questionnaire survey was designed based on information gathered from the literature review, the questionnaire survey was conducted among 35 respondents, and the reliability and ranking analysis were carried out on the collected data in order to test the reliability of the questionnaire and find the relative importance levels of these factors, respectively.

The following are the mitigation measures to control Project delay and cost overrun:-

1. Cost estimating.
2. Owners emphasis on quality.
3. Proper formulation and Appraisal of construction projects.

4. Proper planning and advance action.
5. Adaptation of quality control and accuracy system.

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