

STUDY OF COST OVERRUNS DUE TO DELAYS AND REWORKS IN RESIDENTIAL PROJETS

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Abstract

Infrastructure projects in India are infamous for delays and cost overruns. Delays and cost overruns have significant implications from an economic as well as political point of view. Due to delays in project implementation, people have to wait for the provision of public goods and services longer than is necessary. 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 Residential project. The construction industry has a reputation for delivering projects over budget. This research identifies actual project examples illustrating the problem of cost overruns. Results of a questionnaire survey present perceptions of the main reasons why building construction projects sometimes exceed the initial budget estimate. This project also tries to review how the construction industry is responding to the challenge of accurate budgeting. Delays and cost overruns in Public Sector investments can raise the capital-output ratio in the sector and elsewhere, bringing down the efficacy of investments. Yet there are no estimates of the delays and cost overruns, and of their opportunity cost. Rework represents a new terminology in construction dictionary and it becomes essential when an element of building works fail to meet customer's requirement or when the completed work does not conform to the contract documentation. Reworks contribute to time and cost overruns in project. Hence, there is need for consensus on a workable mechanism to bring together the client and the contractor to minimize change orders and introduction of additional works during construction phase as this would lead to a reduction in the occurrence of reworks as revealed by the research.

Keywords: Built Operate Transfer (BOT), Cumulative Actual Cost (CAC), Cumulative Budgeted Cost (CBC), Cumulative Earned Cost (CEC), Engineering Procurement Construction (EPC), Earned Value Analysis (EVA), Gross Domestic Product (GDP), Linear Programming Problem (LPP), Public Private Partnership (PPP), Total Budgeted Cost (TBC).