ABSTRACT

Construction Projects are becoming highly-risky and complex due to cost overrun. This overrun sometimes results either in delay or incompletion or any other such difficulties.

In Indian construction industry traditional approach is predominantly in vogue in most of the projects. Identification of critical success factors will be helpful to formulate effective strategies for minimizing the cost of Construction Projects.

Construction industry is an integral part of India’s infrastructure and an essential contributor to the economic and social developments. The quantum of money and the valuable resource invested in it is more than any other industry. It is the second largest sector and a very competitive field.

The overall objective of the thesis is ‘To explore all the important factors contributing the cost overrun and identifying the critical factors among them in Cost Management Process’.

In this thesis, more concentration has been made to identify the problems through extensive review of various literature in the field available at National and International levels. Further, various practicing professionals like Project Managers, Consultants and Contractors have been interviewed personally to get the practical problems through a survey questionnaire. The
answers have been grouped and suitable methodologies for solving the problems have been formulated which are suitable for our Indian Scenario.

The relationship between the perception of Cost Management success and a set of success factors hypothesized in the study was derived using Factor Analysis and Multiple Regression. Factor analysis was used to identify the underlying dimensions, whereas, Multiple Regression was used to seek the strongest predictors of success factors. In addition, Ranking Analysis with statistical results confirmed the known items selected as dependent items. The confirmed dependent and independent items from the questionnaire are taken for Factor Analysis and Multiple Regression.

The results indicated that certain requirements must be met with for reducing the cost overruns. In particular, standard management practices, high level performance of the project managers, effective time and quality management, wide adoption of modern management tools and techniques and team involvement in the project are found to be significant items for project cost management. Absence of one are many of these factors in project execution result in cost overrun.