

# Study on Cost Overrun and Cost Escalation Factors for Residential Project

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**Abstract:** *The construction projects can be delayed for a large number of reasons. Delay has significant effect on completion cost and time of construction project. Delays can be minimized when their causes are identified to reduce escalation and overrun. Knowing the cause of any particular delay in a construction project would help avoiding the same. Although various studies have been undertaken to identify the factors affecting the causes of delays, the studies need to focus on specific geographical area, country or region. The construction industry is major industry and contribute in economic growth and provide employment to the nation. Hence the high expenses associated with labor and materials may fluctuate periodically, to varying degrees, over the duration of the project. Therefore, the majority of contractors experience significant financial losses during that period, as a result of the abrupt increase in global raw material prices or currency exchange rates, while operating under a lump sum or fixed-price agreement. Here in this paper we are going to examines different established and conventional techniques employed in calculating Cost Escalation in the construction sector. This study presents innovative ideas and methodologies that can be applied in India to address the issue of cost escalation. The aim is to eliminate the existing errors, complexity, and ambiguities associated with the current ways. The offered approaches have been thoroughly examined, supported by illustrative examples and global data that confirms their legitimacy.*

**Keywords:** Escalation, Overrun, Planned Budget, Lump Sum etc