# Chapter 47
# Causes of Delay in Budget Hotel Construction Projects: A Case of India

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## ABSTRACT

*Delay in construction projects is a universal phenomenon. However, the topic is not adequately studied in the Indian context. This paper attempts to identify the causes of delays in construction of budget hotels in India and suggest remedies to avoid some delays. A business group constructing budget hotels across the country is approached for this study. Forty causes of delay have been identified and Relative Importance Index was calculated. The contribution of each category of causes of delay to overall delay in the projects was computed. Remedies such as, joint effort of the participants of the industry, training, coordination between project participants and project timing and scheduling are suggested and validated.*

## INTRODUCTION

Delay in construction projects is the excess of time required over the scheduled completion time stated in the contract. Odeh and Battaineh (2002) state that delays are expensive, affect the feasibility of projects, cause disputes and decelerate the development of construction industry. In India the construction industry is broadly classified into infrastructure construction and real estate construction. Infrastructure construction segment consists of roads, railroads, bridges, tunnels, airports, seaports, power stations and irrigation. The real estate segment consists of residential, industrial, office, retail, hospitality and special economic zones (SEZ). An investment of about $12 billion is expected in the Indian hospitality sector in coming two years and the number of rooms is expected to grow from current 177173 to 224000 in 2014-15. Tarafdar (2012) claims that 60% out of this is likely to be in the budget sector. Biswal and Mishra (2010) state that budget hotels offer ambience and comfort of star hotels at much lower rates following the 'no frills' principle. The tariff charged by such hotels in India ranges from Rs. 1000 – Rs. 2500 per day. As per the projections of World Travel and Tourism Council, Indian tourism is estimated to grow at an average

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of 8.8% between 2004 and 2013 making India the world's third fastest growing tourist market. This anticipation of business has made many Indian and overseas hoteliers plan new budget and luxury hotels in India and thus an increased construction activity is likely to take place. Ahmed, Azher, Castellino, & Kappaguntula (2002) state that the delays in construction are a global phenomenon. This is also true in India as shown by the studies conducted by Iyer and Jha (2005); Ahsan and Gunawan (2010); Doloi, Sawhney, Iyer, & Rentala (2011). Doloi et al., further claim that the approach to managing construction in India is ad-hoc. This feature creates a need to conduct a study to find out the relevance of the causes of delay identified in extant literature to the Indian context. Any delay in construction is likely to hamper the prospects of the hotel industry, and it would be worthwhile to identify the causes of delay and suggest solutions to them. It is in this context the current study assumes importance. This paper attempts to study the causes of delay in construction of budget hotels in the Indian context and suggest remedies to reduce the same. The paper is divided into following parts: literature review that identifies the research gap and also creates a pool of causes of delay and remedies suggested, methodology, findings that identify the causes of delays in budget hotel construction projects, suggested solutions to delays and a comparison with extant literature.

## LITERATURE REVIEW

Literature on delays in projects is primarily organized around themes such as causes of delays in individual countries, delays in building construction and infrastructure construction, public sector clients and private sector clients, comparative studies and methodologies for measuring project delays as shown in Table 1. Causes of delays in projects have been studied in Australia - Bromilow (1970); Egypt - Amer (1994); Ghana - Frimpong, Oluwoye and Craword (2003); Hong Kong - Lo, Fung and Tung (2006); India – Doloi et.al. (2011); Indonesia - Kaming, Olomolaiye, Holt, & Harris (1997); Jordan - Odeh and Battaineh (2002), Sweis, Sweis, Hammad, & Shboul (2008); Kingdom of Saudi Arabia - Al Khalil and Al-Ghafly (1999), Assaf and Al-Hejji (2006), Assaf, Al-Khalil and Al- Hazmi (1995); Kuwait - Kaushki, Al-Rashid and Kartam (1995); Libya - Abubaker, Greenwood and Osborne (2008); Malaysia- Alaghbari, Razali, Kadir, & Ernawat (2007), Sambasivan and Soon (2007); Nigeria - Odeyinka and Yusif (1997), Okpala and Aniekwu (1988); UK - Sullivan and Harris (1986), UAE - Faridi and El-Sayeg (2006); Flanagan, Norman, Ireland, & Ormerod (1986), Yates and Eskander (2002). Delays in building construction have been studied by Aibinu and Jagboro, (2002); Al-Momani (2000); El-Razek, Bassioni and Mobarak, (2008); Enshassi, (1997). Delays in infrastructure construction projects have been studied by Kaliba, Muya and Mumba (2008); Mansfield, Ugwe and Doran (1994). An aggregative study of delays of building construction and infrastructure construction projects has been made by Arditi, Akan and Gurdamar (1985); Long, Ogunlana, Quang, & Lam (2004). Delays caused in public sector projects have been studied by Dlakwa and Culpin (1990). Delays caused in projects with private sector clients were studied by Ogunlana, Promkuntong and Jearkjirm (1996). These classifications are however not mutually exclusive and can be clubbed as demonstrated by the work of Kaliba et al., (2008) is a study pertaining to delays in infrastructure construction in Zambia. Comparative studies of causes of delays were done by Chan and Kumaraswamy (1997); Le-Hoai, Lee, and Lee (2008); Ahsan and Gunawan (2010). Methodologies involved in measuring project delays were studied by Alkass, Mazerolle and Harris (1996); Bordoli and Baldwin (1998); Shi, Cheung and Arditi (2001); Lee (2003); Braimah and Ndekugri (2009). Delays studied in most countries include infrastructure construction projects such as roads, pipelines and sewers while the building construction projects included residential houses, offices, educational institutes, hotel and medical