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**A STUDY ON PROFITABILITY  
OF  
PORT OF COLOMBO**

by

**P.A.A HEWAGEEGANA**



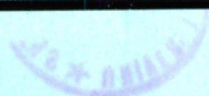
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# A STUDY ON PROFITABILITY OF PORT OF COLOMBO

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by

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A PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENT FOR POST GRADUATE DEGREE OF MASTER OF  
ENGINEERING IN CONSTRUCTION MANAGEMENT

October 1997

Supervised by Dr.Niranjana Gunawardana

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# **ABSTRACT**

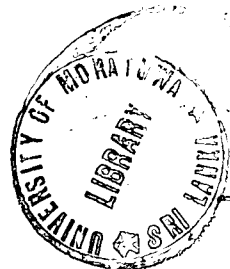
In construction projects of a gigantic scale, the biggest and main problem to surmount is the provision of capital. If ready cash not in hand, then next option is to go for a long term or short term loan if no private investors or shares were issued to find equity. Last one and half decades Sri Lanka Ports Authority (SLPA) has borrowed nearly 550 Million US\$ to develop the Port of Colombo mainly by container terminals, roads etc. The money has been borrowed from Overseas Economic Cooperation Fund (OECF) through Sri Lanka Government. The first loan was in 1980 and the amount of loan is continuously increasing since. And the repayment too is proportionality but dramatically uphill.

This study is mainly focussed to ascertain the impact of these loans repayment components to Port financial structure, with a view of forecasting the future profitability.

In case of Sri Lanka Ports and Harbour field is very narrow and it is much specified comparatively to the others such as roads, electricity, irrigation etc. Hence, a broad introduction of Port Revenues, Port tariff etc were discussed prior to reach to analysis part of this report.

Owing to the fact that SLPA as a body composed of not only Colombo but Galle and Trincomalee as well, profit and losses at all these Ports has to be equitably shared. As only Port of Colombo is running at a profit, the other two Ports are more or less parasites sucking off Port of Colombo. Hence, according to a necessity SLPA as a whole or Port of Colombo and other two ports data also analysed.

Among the three ports mentioned above, main revenue earning component of the Port of Colombo is cargo handling which container traffic is the major one. But, present capacity of the Port of Colombo will be saturated in the year 2001. If no further development take place before the year 2001, then the stagnating revenue, and increasing fixed cost and variable cost will divert the financial situation to a crisis. New development projects to the Port of Colombo or new developments to Galle and or Trincomalle are the most important factors to be considered at this stage, to over come the said financial crisis in future.



## **ACKNOWLEDGEMENT**

The author wishes to acknowledge with a deep sense of gratitude to Dr Nirranjan Gunawardana , Senior Lecture at the University of Moratuwa, who devoted his valuable time and knowledge to complete this project report successfully.

Mr.G.P Weerasingha, Chief Engineer (Planning Research & Development), Sri Lanka Ports Authority who gives the permission to collect data for this project on behalf of Sri Lanka Ports Authority, and provide facilities to official computer usage will always be gratefully remembered.

Finally the author owes a word of thanks to Mrs. Sudharma Karunaratna , Superintendent Civil Engineer SLPA, who encourage the author to use latest software packages to produce this report.

Author will be failing in his duties in no mention is made of the services rendered by University staff in Construction Management Course, from whom the author get the knowledge in the Subjects which help to build up this report.

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