

**THE PAYMENT DISPUTES IN
CONSTRUCTION CONTRACTS IN SRI LANKA
AND CONCEPT FOR SOLUTION**

Amaratunga Achchige Ravindra Kumara Amaratunga

(149102 A)

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Department of Building Economics

University of Moratuwa

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DECLARATION

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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.....
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.....
Date

The above candidate has carried out research for the Masters dissertation under my supervision.

.....
Dr. Gayani I karunasena
Dissertation Supervisor

.....
Date

ABSTRACT

The payment disputes in construction contracts in Sri Lanka and concept for solution

The construction contracts suffer with many disputes in every country and treated as world phenomena; it is an inherent features of industry. The payment dispute is significant one among the disputes and need potential solution always. The world uses conventional approaches to respond the payment dispute i.e. contract administration and once it failed a legal action taken. Failing of both, many countries foresee the necessity to look for better solutions than resorting to the existing practices.

Since nineteen's onward a new concept was introduced by UK as potential solution for the payment disputes as 'Security of Payment (SOP) Act 1996' which is legislative approach. There are many countries that adopt this concept and practicing for more than decades. Unfortunately, this concept is not adopted for Sri Lankan context. Hence issue of this research has been selected to introduce a SOP concept as a potential solution for payments issues in Local Construction Industry. Currently, there are high scale of construction projects that are in pipe line and carrying out and to be involved by international contractors as well as investors. Therefore, it is the most apt time to adopt the SOP concept.

Analytically examined other countries' SOP practice through literature review and carried out primary data collection through interview in order to identify the local construction industry's behavior.

Findings in the research reveals that payment dispute can be mitigated or avoided through SOP concept. It formulated through particular country's legislation and parties created their contract provisions or administration practices are to be abide by the new concept. Therefore, victim parties can secure their rights before the dispute starts in most of the time and concept able to play vital role and potential solution for payment dispute.

Keywords: Dispute, Payment, Delay in projects, Dispute Resolution, Security of Payment, Jurisdiction and Parliament Act

Dedication.....

*This dissertation is
Lovingly dedicated to
Academic Gurus
&
My beloved
Wife & Sons
For their
Love and Support*

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This achievement is the result of combination of many things: mainly from immense effort and self-attempt; proper guidance by academic supporters; contribution and sharing of interviewees' knowledge; and allow me to give up some duties of family matters, having scarified more than two and half years of time borne by them.

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At the end I would keep this place to my family who have given tremendous support in various ways and mainly by leaving me alone to examine the research necessities, while I was in stress - keeping smiley faces – made me happy and shared my burdens in order to achieve this academic goal and you all have become team members, so this is appreciation for you.

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LIST OF ABBREVIATIONS

Abbreviation	Description
BOQ	Bill of Quantities
CA	Contract Administrator
CEM	College of Estate Management, UK
Ed.	Edition
FIDIC	Conditions of Contract published by Federation Internationale des Ingenieurs-Conseils
GCOC	General Conditions of Contract
HGCR	Housing Grant Construction and Re-Generation
ICTAD	Institute for Construction Training and Development
ICTAD/SBD	Institute for Construction Training and Development/ Standard Bidding Document
IMaCS	ICRA Management Consulting Services Limited
LR	Literature Review
No.	Numbers
PD	Primary Data
Rev.ed.	Revised edition
RICS	The Royal Institution of Chartered Surveyors
SBD	Standard Bidding Documents as Conditions of Contract issued by Institute for Construction Training and Development
SD	Secondary source data
SOP	Security of Payment
Vol.	Volume (e.g.: Vol.4)
2 nd ed.	Second edition

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