

**PRIVATE HEALTH CARE
INDUSTRY IN KANDY
AND FEASIBILITY
OF A
NEW PROJECT**

Jagath Chandrawansa Korale

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Department of Building Economics
University of Moratuwa
Sri Lanka

Submitted in Partial Fulfillment of the Requirements of the
Degree of Master of Science
December 2008

University of Moratuwa



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A Study Submitted In Partial Fulfillment of Requirement of the Degree of Master of Science in Project Management

Declaration

PRIVATE HEALTH CARE INDUSTRY IN KANDY AND FEASIBILITY OF A NEW PROJECT

I hereby declare that this submission is my own work and that, it contains no material previously published or written by another person nor material which, to a substantial extent, has been accepted for the award of any other degree or diploma of a University or other institution of higher learning, except where an acknowledgement is made in the text.


J.C. Korale
25th December 2008



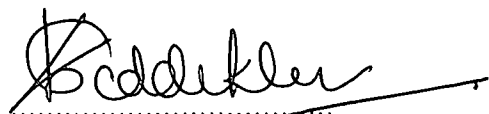
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25th February 2009

**A Study Submitted In Partial Fulfillment Of Requirement Of The Degree Of Master
Of Science In Project Management**

I hereby acknowledge that Mr. J.C. Korale has followed the dissertation process set by the
Department of Building Economics



Professor Chithra Wedikkara
Dissertation Supervisor



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ACKNOWLEDGEMENT

It is acknowledge herewith deep gratitude and indebt ness for the direction, advice, assistance, supervision and encouragement given by Professor Chitra Weddikkara Dean Faculty of Architecture without whom this would not have success.

I will also fail in my obligation for similar supervision and assistance rendered to me by Dr. Reemeshdeen Head of the Department and Dr. Sapani. Mr. Suranga and their able staff.

I am also indebted to a senior member of my profession out side academic circle Mr. Ananda Wimalasena Chartered Management Accountant, the founder managing director of Asiri group of hospitals and Chief Financial Officer of Oasis hospital who rendered various guidance, assistance and directions without any reservation enabling me to have access to this closely held industry.



A handwritten signature in black ink, appearing to be 'Jagath', written over a horizontal dashed line.

Jagath Chandrawansa Korale

1st December 2008

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LIST OF ABBREVIATIONS

CFF	- Cash Flow Forecast
COC	- Cost Of Capital
IRR	- Internal Rate of Return
Gvt.	- Government
ETF	- Employees Trust Fund
CB	- Central Bank of Sri Lanka
BOI	- Board of Investment of Sri Lanka
IT	- Information Technology
OPD	- Out Patient Department
ETU	- Emergency Treatment Unit
ICU	- Intensive Care Unit
BOQ	- Bill of Quantity
KVA	- Kilo Volt Ampere
CEA	- Central Environment Authority
KMC	- Kandy Municipal Council
UDA	- Urban Development Authority
NWS&DB	- National Water Supply and Drainage Board
Sq.ft.	- Square feet
GDP	- Gross Domestic Product
GP	- General Practitioner
ROE	- Return on Equity
ROCE	- Return on Capital Employed

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ABSTRACT

Aim of the study is to ascertain the success of a private general health care project in Kandy using success criteria enumerated here under over and above universally accepted time, cost and quality pillars. In the process gained access to the overview of health structure with particular reference to private health care industry in Sri Lanka identifying peculiar features of this industry.

Methods used are literature review, expert opinions, opinion of industry level financial professionals assumptions which are appropriate and relevant success criteria to ascertain suitability, acceptability and feasibility given limitations of the study.

It should be acknowledged since independence all successive government. independent Sri Lanka despite of varying various policies all most all political sectors continued and perused universe free health policy for its all citizens even though it had not been a constitutional obligation by the government towards citizens. As per government health master plan many programs are under way with considerable miles stones were achieved despite of many odds against this country.

Programs for eradications of communal and non communal diseases policy of prescription drugs in terms of generic terms, scholarships for doctor specialization, increased facilities for doctors, strengthening some of the government. Own drug manufacturing units improving facilities at non urban areas in par with the urban areas and a proposal to establish a exclusive medical hospital for Employees Trust Fund (E.T.F.) members and introduction of "Araghara" insurance policy are name few.

Since of late state could not keep space both in terms of quality and quantity. Emergence of private sector to fill the gap under the free economic policy was another mile stone. Some of them are million rupee investments with quotations in Colombo Stock Exchange having access to capital market to finance high tech capital intensive industry with growth potential. Recent hostile takeovers at Apollo hospital and Asiri hospital group takeover of Asha Central hospital are testimony for this situation. Industry inherent some of the peculiar features some of which are not even to seen in

the region such as peculiar relationship of the patient with the doctor who may decide on behalf of the patient where it is best for diagnostic investigations as well as admission as patient. The generally accepted method of referral to a specialist wherein the patient seeking treatment first visit a general practitioner who may refer to a particular specialist is less seen in Sri Lanka. This is identified as peculiar feature.

Most major players concentrate at Kandy for setting up of a satellite operation in view of strategic business reasons.

A success was ascertain on with basic assumptions to set up 200 bed capacity general hospital in Kandy Central region with a diagnostic laboratory and it was revealed that an additional private health care facility is viable in Kandy with 6 years pay back period and 8 years discounted payback period at 20% with more acceptable, suitable and feasible criteria.

Further research areas such as success of specialized hospitals as against general hospitals, specialized children hospital, medical tourism in a scale and manner pursued by Singapore, India and Malaysia could be considered.



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