

Adequacy of the Advance Payment to the Contractor: A Study in Sri Lanka

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Payments are essential for the contractors to maintain their constructions. The accelerations and the decelerations of the constructions will depend on the way that the contractor receives the payments. Advance Payment (AP) is crucial for a contractor as it is the first payment received by the contractor to commence the construction, and it is an interest-free loan received by the contractor from the employer to start the construction. Even though there are research that discuss the payment procedures, recovery methods, and the benefits of the AP, there is a research gap on the adequacy of the AP to the contractor to complete initial procurements and preliminaries for the mobilisation. Therefore, the aim of this paper is to investigate the adequacy of AP made for the mobilisation activities of construction projects in Sri Lanka. Following a mixed-method research approach, a questionnaire survey including both open ended and close ended questions was conducted to collect data in the Sri Lankan context. The qualitative data were analysed through manual content analysis, whereas SPSS, and Relative Important Index (RII) techniques were used to analyse quantitative data. Many respondents claimed that the AP is not adequate, and the allocation of AP percentage should be done according to the project value and further, it was recommended to have a range of 20-30% from project value. Moreover, the study revealed that the adequacy of AP is entirely dependant on the way that the AP is utilised by the contractor. The study can be continued with the perspective of employers and the consultants as further research.

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