

Economical basis for fingerling production in cage culture in Sri Lanka

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ABSTRACT

The objective of the study is the evaluation of the fingerling production system of cage culture in perennial reservoirs in Sri Lanka. The purpose of the study is to estimate the suitability of the cage culture system as a fingerling production system before expanding it.

The data on research trial that was carried out in Muthukandiya reservoir in Sri Lanka under ACIAR project (No.9440) 1997-2000 were used in this study. Production cost analysis was done considering an imaginary cage culture project. It is consisted of 3 phases with 40 cages (Phase I), 60 cages (Phase II) and 80 cages (Phase III).

The model used details Investment, Operation, Cash flow and Balance sheet of the project. The funding of this project is proposed to be provided mainly by a bank loan (Rs. 4.36 million with the interest of 12%) and also by a Rs.500000 funding from a non-governmental organization (NGOs). No funding is proposed by shareholders. The amount of the bank loan was estimated considering the investment and first year operational cost.

From the year 2009 the project is profitable and builds gradually up the total equity. In the operational 5th year of the project (2013) the total equity has become positive (Rs.89,192). The operating surplus (EBIDTA) is Rs.-881080 in the year 2008. From the production start in year 2009, the revenue will increase and the EBIDTA will become positive and increase from 32.97% to 41.47% in 2017.

The income tax in Sri Lanka is 35%. The loss incurred in 2008 is subtracted from the taxable profit of the following years until 2013 when the taxable loss transfer is fully used up. The project shows a Net present worth of Rs.105,601 at the rate of 12.6% return not considering the way of funding.

Accordingly the project will be profitable.

Fingerling of Rohu (*Labeo rohita*) and Common carp (*Cyprinus carpio*) production through cage culture using locally available feed stuff, rice bran and commercial feed in Muthukandiya reservoir in Sri Lanka looks to be an economically profitable activity.

