



**CENTRAL BANK OF SRI LANKA
BANK SUPERVISION DEPARTMENT**

01 February 2017

CIRCULAR

No. 01 of 2017

**IMPLEMENTATION OF BUDGET PROPOSALS 2017
IN RESPECT OF BANKING SERVICES**

We wish to draw your attention to the national policy approved in the Budget 2017 in respect of the following categories of banking service requirements of the country and request all licensed banks to take appropriate measures to implement same.

- | | | | |
|---|---|-----|--|
| 1 | Distribution
of Credit to
Identified
Sectors | 1.1 | Credit granted by licensed banks may not be less than the following percentages of total loans:

(i) 10 per cent each for Small and Medium Enterprises (SMEs),
Exports and Tourism activities

(ii) 10 per cent for Agriculture in line with the existing circulars

(iii) 5 per cent each for Youth and Women for credit needs |
| 2 | Enhancing
Banking
Services | 2.1 | Credit granted by bank branches for business development in the respective area may not be less than 15 percent of deposits mobilized by each branch within the same area. |
| | | 2.2 | Banks may streamline existing processes to expedite the grant of credit with a value of less than Rs. 5 million in less than 1 month. |
| | | 2.3 | At least one branch in each district may be opened on all 7 days of the week excluding the religious holidays. |
| 3 | Definition | 3.1 | Enterprises with an annual turnover not exceeding Rs. 750mn will be considered as SMEs for the purpose of this circular in line with the definition of SME adopted by the Department of Industry and Commerce in its National Policy Framework for SME Development. |
| | | 3.2 | Credit granted to agriculture shall continue to be in terms of the Circulars on Mandatory Lending to Agriculture Sector issued by the Director of Bank Supervision. |



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- 3.3 When classifying credit to the above sectors for the purpose of compliance with this circular, credit granted to certain borrowers in sectors in Item 1 above may fall within more than one sector in the event such credit overlaps across identified sectors.
- 4 Reporting 4.1 Commencing 1 July 2017, all licensed banks shall report details of Item 1 above to the Director of Bank Supervision within 30 days from the end of each quarter in the attached format in order to monitor the bank's compliance with the national policy.

A handwritten signature in blue ink, appearing to be 'A A M Thassim'.

A A M Thassim
Director of Bank Supervision

Distribution of Credit Sector-wise under Budget Proposals 2017

Name of Bank			
Position as at			
Sector		Credit Outstanding (Rs. Mn)	As a % of Total Credit Granted
1	Agriculture		
2	Small and Medium Enterprises		
3	Export		
4	Tourism		
5	Youth		
6	Women		

Note 1: Reference to Bank Supervision Department Circular No. 01 of 2017 dated 01st February 2017.

Note 2: The above details shall be e-mailed to banksup@cbsl.lk within 30 days from the end of each quarter.

Date:

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Name and designation of authorised officer