



**MONETARY BOARD  
CENTRAL BANK OF SRI LANKA**

**13 January 2021**

**CIRCULAR**

**No. 01 of 2021**

**SUSPENSION OF RECOVERY ACTIONS AGAINST  
SMALL AND MEDIUM ENTERPRISE (SME) PADDY MILLERS**

Considering the Government initiatives to support the SME Paddy Millers amidst COVID 19 pandemic for the upcoming harvesting seasons, licensed commercial banks and licensed specialised banks (hereinafter referred to as licensed banks), are required to suspend recovery actions against SME Paddy Millers for a period of six months commencing from 1 January 2021 as specified below.

- (1) In the case where a licensed bank has commenced or given notice of recovery action under the provisions of the Recovery of Loans by Banks (Special Provisions) Act, No. 4 of 1990 or Mortgage Act No. 06 of 1949 as amended or Finance Leasing Act No. 56 of 2000 or any other relevant Act in this regard, such recovery actions shall be suspended on condition that the concerned licensed bank and the borrower reach a debt re-payment agreement.
- (2) Licensed banks shall defer passing new resolutions under the above Acts, for recovery of loans and advances. In instances where resolutions for recovery have already been passed, auctioning of assets will be suspended until 30.06.2021.
- (3) In instances where there are on-going litigations in courts relating to recovery, borrowers will be permitted to enter into an agreement by submission of affidavit to Courts agreeing to comply with the requirements set out in (1) above.
- (4) Licensed banks shall suspend any other legal or recovery action until 30.06.2021.

**Prof. W D Lakshman**

*Chairman of the Monetary Board and  
Governor of the Central Bank of Sri Lanka*