



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

19 March 2021

CIRCULAR

No. 04 of 2021

**EXTENSION OF DEBT MORATORIUM FOR COVID-19 AFFECTED
BUSINESSES AND INDIVIDUALS IN THE TOURISM INDUSTRY**

With a view to meeting the challenges faced by businesses and individuals engaged in tourism sector due to the ongoing COVID-19 pandemic, the Central Bank of Sri Lanka (CBSL) requests licensed commercial banks and licensed specialised banks, (hereinafter referred to as licensed banks), to extend the debt moratorium granted for tourism sector under Circular No. 08 of 2020 dated 26 August 2020 for another six months commencing 1 April 2021 as specified below. However, licensed banks may offer any additional options to borrowers, on the request of the borrower, in a way that the overall benefits to borrowers are not less than the benefits offered under this Circular. The aforementioned extension is granted in order to provide adequate time for borrowers to come up with proposals for a long-term arrangement. Therefore, borrowers shall submit acceptable plans to licensed banks for restructuring of credit facilities over a long period of time, prior to the expiry of the extended moratorium period. Such plans shall be assessed on case-by-case basis by licensed banks. Accordingly, this Circular is issued to give effect to the Scheme in a consistent manner across all licensed banks.

The following provisions of the Circular No. 08 of 2020 have been amended and other provisions of the cited Circular will remain unchanged:

1. General Terms and Conditions

- 1 (iii) Debt moratorium refers to moratorium for both capital and interest for a further period of six months commencing 1 April 2021 to 30 September 2021.
- 1 (iv) Eligible borrowers who wish to avail the moratorium shall make a request seeking such moratorium to the relevant licensed bank on or before 19 April 2021. Licensed banks are requested to accept any request submitted after 19 April 2021, if the reasons for delay in making such request is acceptable. Any eligible borrower who has the capacity to service the loan repayment is expected to service such loan repayments instead of requesting for this extension.



**MONETARY BOARD
CENTRAL BANK OF SRI LANKA**

19 March 2021

CIRCULAR

No. 04 of 2021

2. Structuring the debt moratorium

- 2 (i) Licensed banks shall convert the capital and interest falling due during the moratorium period commencing from 1 April 2021 to 30 September 2021 into a term loan. Licensed banks may amalgamate the capital and interest falling due during the previous moratorium granted with the capital and interest falling due during 1 April 2021 to 30 September 2021, except for EMI loans for which the interest rate for the moratorium period is capped at 7 per cent per annum.
- 2 (ii) Licensed banks may commence recovery of such converted loan once the extended moratorium period is over.
- 2(v) Licensed banks shall waive off the accrued and unpaid penal interest as at 1 April 2021, if any, on credit facilities considered under this Circular. Penal interest shall not be accrued and charged during the moratorium period.

Prof. W D Lakshman
*Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka*