



CENTRAL BANK OF SRI LANKA

19 December 2024

CIRCULAR

No. 04 of 2024

RELIEF MEASURES TO ASSIST THE AFFECTED SMALL AND MEDIUM ENTERPRISES

As discussed at the meetings of the Working Committee on Recovery of Loans by Banks (Special Provisions) (Amendment) Act, No. 26 of 2024, it is noted that the Sri Lanka Banks' Association (Guarantee) Ltd. (SLBA), has agreed that the relief measures in paragraph 1 below will be provided by the licensed commercial banks and licensed specialised banks (hereinafter referred to as licensed banks), to the Small and Medium Enterprises (SMEs) affected due to the Easter Sunday attack, Covid-19 pandemic and the extraordinary macroeconomic conditions that prevailed during the recent past.

It is further noted that SLBA, in formulating the relief measures, was of the view that any suspension to Parate execution will not be beyond 31.03.2025.

1. Features of the Relief Measures

1.1 Relief measures will apply only to the credit facilities of SME borrowers of licensed banks that meet the following criteria and, in this regard, licensed banks will engage with the eligible borrowers.

- (a) Credit facilities of SMEs that have been classified as Stage 3 on or after 01.04.2019, and,
- (b) SMEs that commenced discussions on business revival with the Business Revival Units of the respective banks by 31.03.2025, subject to submission of all necessary documents.

1.2 Rescheduling of impaired loans with eligible SME borrowers identified in paragraph 1.1 above, considering the repayment capacity of the borrower and submission of an acceptable business revival plan, as given below.

- (a) Entering into rescheduling agreements with eligible SME borrowers not later than 15.06.2025.



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- (b) Commencing of repayment of the rescheduled loans by eligible SME borrowers where an aggregate capital outstanding of credit facilities as at 15.12.2024 is below Rs. 25 Mn, not later than 31.12.2025.
- (c) Commencing of repayment of the rescheduled loans by SME borrowers where an aggregate capital outstanding of credit facilities as at 15.12.2024 is between Rs. 25 Mn - Rs.50 Mn, not later than 30.09.2025.
- (d) Commencing of repayment of the rescheduled loans by SME borrowers where an aggregate capital outstanding of credit facilities as at 15.12.2024, is above Rs. 50 Mn, not later than 30.06.2025.
- 1.3 Waiving off the unpaid interest (excluding capitalised interest) applicable to the period between 01.04.2019 and 15.12.2024 on the credit facilities of eligible SME borrowers, based on the reschedulement agreements, considering the financial position of the bank, as given in Table 1.

Table 1: Interest Waivers

Facility Amount as at 15.12.2024	Interest waiver granted for settlement of unpaid interest between 01.04.2019 and 15.12.2024		
	If settled within 6 Months	If settled within 12 Months	If settled in more than 12 Months but less than 60 Months
Aggregate Capital outstanding: above Rs. 5 Mn up to Rs. 10 Mn	65%	50%	40%
Aggregate Capital outstanding: above Rs. 10 Mn up to Rs. 25 Mn	35%	25%	20%

- 1.4 Licensed banks may consider further reliefs, including granting of working capital facilities to eligible borrowers subject to repayment capacity and submission of credible business revival plans, on a case-by-case basis.



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2. Reporting to the Credit Information Bureau of Sri Lanka

- 2.1 Licensed banks in consultation with the Credit Information Bureau of Sri Lanka (CRIB), may develop an appropriate reporting modality to report credit facilities that are restructured under paragraph 1 above.
- 2.2 Licensed banks shall not decline loan applications from eligible borrowers under this Circular solely based on an adverse CRIB record.

3. Transparency of provision of Relief Measures

- 3.1 In the case of a rejection/dispute on providing above reliefs, licensed banks are requested to inform the borrower the reasons for such rejection/dispute and requested to advise the borrower that there is an opportunity for the borrower to appeal against such rejection/dispute to the Director, Financial Consumer Relations Department of the Central Bank of Sri Lanka.
- 3.2 Licensed banks to make available the breakdown of capital, interest and other charges of credit facilities, on request of the eligible borrowers.

A handwritten signature in blue ink, appearing to read 'Nandalal Weerasinghe'.

Dr. P Nandalal Weerasinghe

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