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Press Release

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Margin Deposit Requirement against Letters of Credit (LCs) opened with Commercial Banks for the Importation of Vehicles

The Central Bank has noted that, during the year 2013, the currencies of several trading partner economies have sharply depreciated against the Sri Lankan rupee. As a consequence, there has been a growing possibility that the importation of motor vehicles into Sri Lanka could accelerate in the period ahead. The Central Bank believes that this trend should not be allowed to continue without a suitable response.

In that background, in order to deal with the emerging risk, the Monetary Board at its meeting held on 27th August 2013 decided to impose a 100 per cent margin deposit requirement against the Letters of Credit opened with the commercial banks for the import of motor vehicles, other than buses, ambulances, lorries and trucks. Accordingly, Letters of Credit for the importation of specified vehicle categories could be done only with a minimum cash margin of 100 per cent, with immediate effect.

The Monetary Board has also decided to review the imposition of this margin after a period of six months.