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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Press Release

Issued By Communications Department
Date 19 September 2018

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

The Monetary Board of the Central Bank of Sri Lanka imposed a 100 per cent margin deposit requirement against Letters of Credit opened with the commercial banks for the import of motor vehicles, which are generally used for non-commercial purposes, with immediate effect. Accordingly, Letters of Credit for the importation of these vehicle categories could be done only with a minimum cash margin of 100 per cent.

The decision to impose the margin deposit requirement is based on recent developments which, if not addressed, could threaten macroeconomic stability. These include the following:

1. Recent global financial market volatility and generalised pressure on currencies of emerging market economies
2. Continued excessive motor vehicle imports, partly driven by unwarranted speculation on future exchange rate movements, interest rates movements and budgetary measures

The imposition of the margin deposit requirement, together with the measures already taken by the government with regard to taxes applicable on motor vehicle imports, is expected to curb non-essential imports of motor vehicles, and ease undue pressure on the current account of the balance of payments (BOP) and the exchange rate.