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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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Press Release

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The Central Bank of Sri Lanka Implements New Credit Schemes to Support the Revival of the Economy

Growth of the Sri Lankan economy has fallen to dismal levels over the past few years, and the impact of the COVID-19 pandemic may result in severe stress on economic and financial system stability in the period ahead unless immediate remedial actions are taken. In this context, in support of the government's efforts to revive the economy, the Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 16 June 2020, decided to introduce new credit schemes under the Section 83 of the Monetary Law Act No. 58 of 1949.

Accordingly, in addition to the already disbursed Rs. 27.5 billion under the refinance scheme introduced on 27 March 2020, the Central Bank will provide funding to Licensed Commercial Banks (LCBs) at the concessionary rate of 1.00 per cent against the pledge of a broad spectrum of collateral, on the condition that LCBs in turn will on-lend to domestic businesses at 4.00 per cent, while ensuring the greatest possible distribution of this facility. This scheme along with the existing refinance Scheme will provide Rs. 150 billion in total to the businesses affected by the COVID-19 pandemic.

In addition, the construction sector enterprises will be provided with a facility to borrow from LCBs, using guarantees issued by the government equivalent to the amount due on account of contracts carried out in the past, under a new dedicated credit scheme funded by the Central Bank and made available at the aforementioned concessionary rates.

Operating instructions on these new credit schemes will be issued in immediate due course.