

PRESS RELEASE

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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Issued By

Bank Supervision Department and
Department of Supervision of Non-Bank Financial Institutions

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Concessionary Scheme for Leasing Facilities Obtained by Businesses and Individuals Engaged in Passenger Transportation

Considering the difficulties and constraints faced by businesses and individuals engaged in passenger transportation services due to the ongoing COVID-19 pandemic, the Central Bank of Sri Lanka (CBSL) has requested licensed commercial banks, licensed specialised banks, licensed finance companies and specialised leasing companies (financial institutions), to provide concessions for lease facilities obtained by such businesses and individuals for six months or a shorter period, as applicable, commencing from 1 April 2021.

The eligible borrowers are businesses and individuals engaged in providing public passenger transportation, private passenger transportation such as school transport service, office transport service, taxis including three wheelers, etc. and those providing passenger transportation services to the tourism sector. Such borrowers are required to make a request on or before 19 April 2021 in writing or through electronic means for deferring the lease installments. Financial institutions are requested to accept any request submitted after 19 April 2021, if the reasons for delay in making such request is acceptable.

The concessions will be granted for performing lease facilities including lease facilities under moratorium as at 31 March 2021 obtained by eligible borrowers. Financial institutions may charge an interest rate not exceeding the latest auction rate for 364-days Treasury Bills, available as at 01 April 2021, plus a margin for the deferred period, only on the lease installments falling due during the deferred period. With respect to licensed banks, this margin is specified as 1 per cent per annum. With respect to licensed finance companies and specialised leasing companies, it is specified as 5.5 per cent per annum and interest rate charged shall not exceed 11.5 per cent per annum.

Financial institutions are required to refrain from charging any penal interest on the lease facilities eligible for the concession.

During the deferred period of the existing lease facility, financial institutions will commence recovery of installments falling due in relation to the moratoriums granted during 2019 and 2020. This is taking into consideration that the public transportation is gradually returning to normalcy with the re-opening of schools, offices, airport, etc., potential impact of the extended debt moratorium schemes on financial institutions and the ongoing vaccination program. The recovery of installments of the lease facilities and moratoriums has been structured in a way that the borrowers are not overly burdened with repayment of installments due to the debt moratoriums provided during the COVID-19 pandemic.

Financial institutions are requested to implement this concessionary scheme with a view to facilitating the eligible borrowers to carry on their income generating activities and gradually commence repayment of their lease facilities. Eligible borrowers are requested to contact the respective financial institutions to obtain more information in this regard.

Relevant circulars issued to financial institutions are published in the CBSL website, www.cbsl.gov.lk.