

Real Sector

- 01 January 2009 - Poverty Alleviation Microfinance Project - Phase II (PAMP II) scheme aimed at poverty alleviation in conflict affected areas was implemented by the Central Bank of Sri Lanka (CBSL).
- 06 January 2009 - Passenger bus fares were reduced by 4 per cent, on average.
- 09 January 2009 - Fuel Adjustment Levy, charged by Ceylon Electricity Board (CEB) for tourist hotels and industries, was removed for the period from January to November 2009.
- 15 February 2009 - Water tariffs were revised upward.
- 01 July 2009 - A Revolving Loan Fund was established by the CBSL for the extension of refinance facilities for resumption of economic activities in the Eastern Province.
- 13 July 2009 - A special development credit scheme titled 'Awakening North' was introduced by the CBSL for resumption of economic activities in the Northern Province.
- 14 July 2009 - Sabaragamuwa Province Integrated Rural Development Project - Phase II was commenced by the CBSL aiming at economic upliftment of the people in the Kegalle and Ratnapura districts by promoting the establishment of new income generating activities and expanding existing small-scale productive activities.
- 22 September 2009 - Passenger bus fares were increased by 5.3 per cent, on average.
- 19 March 2010 - A new credit scheme titled 'Saubagya' was introduced by the CBSL with the objective of expanding financial facilities to Small and Medium Scale Enterprises (SMEs) in the country.

External Sector**Trade and Tariff**

- 01 January 2009 - Port and Airport Development Levy (PAL) rate was increased from 3 per cent to 5 per cent.
- A concessionary PAL rate of 2 per cent was imposed on importation of some categories of petroleum oil, organic chemicals, medicaments and selected categories of machines, such as extruding, drawing, fibres weaving, knitting, sewing and ironing machines etc.
- Selected categories of antineoplastics and immunosuppressives, diamonds, precious stones, silver, gold and platinum etc. were exempted from PAL.
- 21 January 2009 - Special Commodity Levy (SCL) on importation of milk powder was increased from Rs. 15 per kg to Rs. 35 per kg valid for a period of six months.
- 02 February 2009 - Cess on importation of selected categories of natural rubber was increased from Rs. 25 per kg to Rs. 30 per kg.
- Cess on importation of selected categories of synthetic, compound and other forms of rubber was increased from Rs. 35 per kg to Rs. 40 per kg.
- Cess on importation of selected categories of plastics was increased from 30 per cent or Rs. 30 per kg to 30 per cent or Rs. 50 per kg, whichever is higher.
- Cess on importation of selected categories of ceramic, sinks, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures was revised as 30 per cent or Rs. 300 per unit, whichever is higher.
- A 15 per cent cess was imposed on importation of some categories of glasses.

¹ This includes major economic policy changes and measures implemented during 2009. Policy changes and measures that have been implemented during the first three months and to be implemented in 2010 are also included.

	<ul style="list-style-type: none"> - A 5 per cent cess was imposed on importation of safety glasses. - A cess was imposed on importation of parts of footwear (outer soles and heels of rubber or plastics) as 15 per cent or Rs. 50 per pair, whichever is higher.
04 February 2009	<ul style="list-style-type: none"> - SCL on importation of the following food items was increased valid for a period of six months. <ul style="list-style-type: none"> o Dried sprats, other potatoes and B' onions from Rs. 20 per kg to Rs. 25 per kg. o Chickpeas and peas from Rs. 15 per kg to Rs. 25 per kg. o Green gram from Rs. 13 per kg to Rs. 15 per kg. o Chillies (neither crushed nor ground) from Rs. 30 per kg to Rs. 40 per kg. o Chillies (crushed or ground) from Rs. 40 per kg to Rs. 50 per kg. o Some categories of prepared/preserved fish from Rs. 25 per kg to Rs. 40 per kg. - Customs duty on importation of wheat grain was revised from 15 per cent to 15 per cent or Rs. 10 per kg, whichever is higher.
18 February 2009	<ul style="list-style-type: none"> - A duty waiver of Rs. 10 per litre was granted on importation of petrol from the applicable customs duty of Rs. 35 per litre.
21 February 2009	<ul style="list-style-type: none"> - Cess on importation of parts of footwear (outer soles and heels of rubber or plastics) was reduced from 15 per cent or Rs. 50 per pair to 15 per cent or Rs. 20 per pair, whichever is higher.
27 February 2009	<ul style="list-style-type: none"> - SCL on importation of milk powder was increased from Rs. 35 per kg to Rs. 55 per kg valid for a period of 6 months.
06 March 2009	<ul style="list-style-type: none"> - A 35 per cent cess was imposed on importation of grain sorghum.
31 March 2009	<ul style="list-style-type: none"> - SCL of Rs. 55 per kg on importation of milk powder was removed and customs duty was re-imposed as 28 per cent or Rs. 125 per kg, whichever is higher. However, total recoverable taxes/levies (Customs Duty, Port and Airport Levy (PAL), Social Responsibility Levy (SRL), Nation Building Tax (NBT) etc.) on milk powder imports was Rs. 125 per kg. - SCL on importation of the following food items was increased valid for a period of six months. <ul style="list-style-type: none"> o Dried sprats from Rs. 25 per kg to Rs. 30 per kg. o Peas from Rs. 25 per kg to Rs. 35 per kg. o Chickpeas from Rs. 25 per kg to Rs. 30 per kg. o Masoor Dhal - Whole from Rs. 4 per kg to Rs. 15 per kg. o Masoor Dhal - Split from Rs. 6 per kg to Rs. 20 per kg. o Some categories of prepared/preserved fish from Rs. 40 per kg to Rs. 85 per kg. - Customs duty on importation of certain forms of maize was increased from 2.5 per cent to 15 per cent. - Customs duty on importation of some categories of tiles was revised upward from 28 per cent or Rs. 100 per square metre to 28 per cent or Rs. 200 per square metre, whichever is higher. - Customs duty on importation of wheat flour was increased from 15 per cent or Rs. 12.50 per kg to 15 per cent or Rs. 16 per kg, whichever is higher. - Customs duty on importation of some categories of bicycles was increased from 28 per cent or Rs. 750 per unit to 28 per cent or Rs.1,500 per unit, whichever is higher.
03 April 2009	<ul style="list-style-type: none"> - A 10 per cent cess was imposed on importation of light berries of pepper and certain categories of nutmeg. - A cess on importation of malt extract based preparations used for making of beverages was imposed as 5 per cent or Rs. 110 per kg, whichever is higher.

	<ul style="list-style-type: none"> - Cess on importation of Ayurveda / herbal preparations was increased from 35 per cent or Rs. 200 per kg to 35 per cent or Rs. 2 per gram, whichever is higher. - Cess on importation of polycarbonates was reduced from 10 per cent to 5 per cent. - Cess on importation of some categories of synthetic, compound and other forms of rubber was reduced from Rs. 40 per kg to Rs. 15 per kg. - Cess on importation of selected categories of ceramic, sinks, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures was increased from 30 per cent or Rs. 300 per unit to 30 per cent or Rs. 600 per unit, whichever is higher. - A cess of Rs. 10 per kg was imposed on importation of semi-finished products of iron or non-alloy steel. - A 5 per cent cess was imposed on importation of aluminium bars, rods and profiles. - Cess on importation of certain items made by base metal (hook, eyes, eyelets, rivets, sign plates, name plates, crown corks, and fastening of iron or steel for sealing bags) was increased from Rs. 30 per kg to Rs. 50 per kg. - Cess on importation of some categories of electric accumulators including separators was increased from 2 per cent to 10 per cent. - Cess on importation of optical media recorded discs was increased from 1 per cent to 5 per cent.
07 April 2009	<ul style="list-style-type: none"> - Customs duty on importation of some categories of edible oil in the form of crude (soya-bean, ground-nut, palm, sunflower, coconut and maize) was increased from 28 per cent or Rs. 35 per kg to 28 per cent or Rs. 55 per kg, whichever is higher. - Customs duty on importation of virgin coconut oil and margarine was increased from 28 per cent or Rs. 40 per kg to 28 per cent or Rs. 60 per kg, whichever is higher. - Customs duty of 15 per cent on importation of made up fishing nets was revised as 15 per cent or Rs. 250 per kg, whichever is higher.
07 June 2009	<ul style="list-style-type: none"> - Customs duty waiver on importation of petrol was increased to Rs. 16 per litre from Rs. 10 per litre and hence the applicable duty rate was Rs. 19 per litre. - A customs duty waiver of Rs. 7 per litre on importation of diesel was granted from the existing customs duty of Rs. 15 per litre and hence the applicable duty rate was Rs. 8 per litre.
09 July 2009	<ul style="list-style-type: none"> - Cess on importation of malt extract based preparations used in the making of beverages was reduced from 5 per cent or Rs. 110 per kg to 5 per cent or Rs. 25 per kg, whichever is higher.
24 July 2009	<ul style="list-style-type: none"> - Total recoverable tax rate on importation of milk powder was increased from Rs. 125 per kg to Rs. 145 per kg.
01 August 2009	<ul style="list-style-type: none"> - Cess on importation of some categories of garments, such as socks and footwear, was increased from 25 per cent or Rs. 60 per kg to 25 per cent or Rs. 625 per kg, whichever is higher.
30 September 2009	<ul style="list-style-type: none"> - SCL on importation of dried sprats, other potatoes, B¹onion, peas, chickpeas, green gram, dhal, dried chillies, canned fish and sugar was extended for another three months at previous rates.
26 October 2009	<ul style="list-style-type: none"> - Customs duty waiver on importation of petrol was increased from Rs. 16 per litre to Rs. 19 per litre and hence the applicable duty rate was Rs. 16 per litre. - Customs duty waiver on importation of diesel was increased from Rs. 7 per litre to Rs. 12 per litre and hence the applicable duty rate was Rs. 3 per litre.

- 10 November 2009 - A recoverable tax rate of Rs. 5 per kg was imposed instead of all taxes and levies applied on importation of rice.
- Total recoverable tax rate on importation of milk powder was reduced from Rs. 145 per kg to Rs. 100 per kg.
 - SCL on importation of the following food items was reduced valid for a period of three months.
 - o Other-potatoes and B'onions from Rs. 25 per kg to Rs. 10 per kg.
 - o Chickpeas from Rs. 30 per kg to Rs. 15 per kg.
 - o Sugar from Rs. 16 per kg to Rs. 6 per kg.
 - o Masoor Dhal – Whole from Rs. 15 per kg to Rs. 1 per kg.
 - o Masoor Dhal – Split from Rs. 20 per kg to Rs. 2 per kg.
 - o Chillies (neither crushed nor ground) from Rs. 40 per kg to Rs. 20 per kg.
 - o Chillies (crushed or ground) from Rs. 50 per kg to Rs. 25 per kg.
 - SCL of Rs. 10 per kg was imposed on importation of red onion valid for three months in lieu of customs duty and all other taxes.
 - SCL of Rs. 30 per kg was imposed on importation of garlic valid for three months in lieu of customs import duty and all other taxes.
- 13 November 2009 - A partial customs duty waiver of 13 per cent on importation of some categories of P.V.C. leather cloth was granted valid for three months. Accordingly, the applicable customs duty rate was reduced from 28 per cent to 15 per cent.
- 18 December 2009 - A full customs duty waiver was granted on importation of wheat grain till 31 March 2010.
- 21 December 2009 - SCL of Rs. 1 per kg on importation of rice was imposed valid for three months in lieu of customs duty and all other taxes.
- SCL on importation of sugar was reduced from Rs. 6 per kg to Rs. 1 per kg valid for three months.
- 25 December 2009 - A full customs duty waiver was granted on importation of malt extract valid for three months.
- 29 December 2009 - Customs duty waiver on importation of petrol was increased from Rs. 19 per litre to Rs. 34 per litre and hence the applicable duty rate was Rs. 1 per litre.
- 01 January 2010 - The surcharge on importation of some categories of P.V.C. leather cloth was removed.
- 19 January 2010 - A full customs duty waiver was granted on importation of petrol and diesel.
- 25 January 2010 - A customs duty waiver of 2.5 per cent was granted on importation of maize.
- 10 February 2010 - SCL on importation of dried sprats, other potatoes, B'onion, peas, chickpeas, green gram, dhal, canned fish, sugar, red onion and garlic was extended for another three months at previous rates.
- 14 February 2010 - The partial customs duty waiver of 13 per cent per kg on importation of some categories of P.V.C. leather cloth was extended.
- 16 February 2010 - Total recoverable tax rate on importation of milk powder was reduced from Rs. 100 per kg to Rs. 50 per kg.
- 18 February 2010 - Customs duty waiver of Rs. 25 per kg was granted on importation of certain categories of edible oil and their fractions.
- 25 February 2010 - The full customs duty waiver on importation of malt extract was extended.
- 01 March 2010 - All taxes and other levies applicable on importation of gold was removed.

Foreign Exchange Management

- 07 January 2009 - Sri Lankans living abroad including migrant workers/businessmen; Sri Lankan professionals living in Sri Lanka and abroad who earn foreign exchange, Sri Lankan citizens with dual citizenship irrespective of their country of residence and banks acting in fiduciary capacity on behalf of the above categories, were permitted to purchase, hold and sell Rupee denominated Treasury bonds (T-bonds) and Treasury bills (T-bills) through a special rupee account named “**Treasury bonds/bills Investment External Rupee Account - Deshabhimani (TIERA – D)**” provided that all such investments in aggregate do not exceed 10 per cent of the total value of T-bonds/T-bills outstanding at any given point of time.
- 01 February 2009 - Permission was granted to pay a bonus interest in Sri Lankan Rupees on the interest paid on Resident Foreign Currency (RFC) and Non Resident Foreign Currency (NRFC) accounts.
- 24 February 2009 - New Zealand Dollar was included in the list of Designated Foreign Currencies and the Deutsch Mark, French Franc and the Netherlands Guilder were removed from the list.
- 04 May 2009 - Permission was granted to amalgamate funds in the NRFC and RFC accounts, Special Foreign Investment Deposit Accounts (SFIDA), Foreign Currency Fixed Deposit Accounts for dual citizenship applicants and investments in Treasury bonds of ex-Sri Lankans holding foreign citizenship who have opened/are willing to open above foreign currency accounts and who have invested/are willing to invest in government Treasury bonds, for the purpose of fulfilling the eligibility criteria for dual citizenship.
- 25 May 2009 - Margin requirements imposed on the value of forward contracts for the sale of foreign exchange was withdrawn.
- 24 July 2009 - A 20-month Stand-by Arrangement (SBA) facility to Sri Lanka was approved by the IMF as a Balance of Payment (BOP) support.
- 01 August 2009 - Directions on financial derivative products covering all matters relating to the derivative transactions in foreign exchange that are permitted by the CBSL were issued to all Licensed Commercial Banks (LCBs) acting as Authorised Dealers (ADs).
- 01 October 2009 - The bonus interest paid in Sri Lankan Rupees on the interest paid on RFC and NRFC accounts was suspended.
- 11 March 2010 - The following categories of resident Sri Lankans were permitted to open and maintain bank accounts abroad:
 - o Persons earning foreign exchange from investments abroad as approved by the CBSL
 - o Persons engaged in providing international professional services in Sri Lanka or abroad
 - o Persons engaged in any occupation abroad
 - o Persons who have proceeded outside Sri Lanka for education and/or for medical treatment and
 - o Exporters of goods.
- Forward contracts in foreign currency to cover foreign exchange transactions related to trade in goods and services, remittances and approved foreign lending and borrowings, were permitted.
- The 100 per cent margin deposit requirement against advanced payments on the invoice value of selected items to be imported, was removed.
- The suspension on the pre-payment of import bills was lifted.

- The existing different investment accounts, namely, SIERA, TIERA, Treasury Bill Investment External Rupee Accounts (TIERA - 2), and TIERA - D maintained by non-residents in commercial banks were permitted to be unified. The unified account was renamed as Securities Investment Account (SIA).

Fiscal Sector

Government Revenue

- 01 January 2009
- Standard Value Added Tax (VAT) rate was reduced from 15 per cent to 12 per cent.
 - The registration threshold for VAT of Rs. 500,000 per taxable period or Rs. 1.8 million per annum was increased to Rs. 650,000 per taxable period or Rs. 2.5 million per annum.
 - The registration threshold for optional VAT of Rs. 2.5 million was increased to Rs. 3 million.
 - Locally manufactured surgical gauze used for surgeries was exempted from VAT.
 - Ability to claim input tax of VAT paid at luxury rate of 20 per cent was reduced from 15 per cent to 12 per cent.
 - The supply of services, being construction services for Gama Naguma, Maga Naguma, Samurdhi Projects or for community irrigation projects, carried out through the participation of the community was exempted from VAT.
 - Telephone levy of 10 per cent applicable to mobile and cordless telephones was extended for fixed line telephones as well.
 - Importation of buses on or after 09 July 2008 to replace the buses destroyed due to terrorist activities was exempted from VAT.
 - Importation of brass sheet, brass ingots, thread, dyes, paraffin wax and shellac by the National Craft Council was exempted from VAT.
 - Importation of selected categories of solar panel modules and accessories for the generation of solar power energy was exempted from VAT.
 - Importation of chemical naphtha by the Ceylon Petroleum Corporation (CPC) to be supplied to CEB for the generation of electricity was exempted from VAT.
 - The period given for producing VAT claims for input tax credits on customs declarations related to importation of goods was extended up to 2 years.
 - An excise duty of 5 per cent or Rs. 8 per kg whichever is higher was imposed on Liquefied Petroleum (LP) gas.
- 01 February 2009
- Nation Building Tax (NBT) was introduced at a rate of 1 per cent of the liable turnover on imports, manufacturing or services subject to certain exclusions.
- 28 February 2009
- Excise duty on LP gas was increased from 5 per cent or Rs. 8 per kg to 5 per cent or Rs. 27.50 per kg, whichever is higher.
- 27 March 2009
- Excise duty on cigarettes and liquor was increased.
- 01 April 2009
- Personal income tax rates were revised as follows.

(1) up to Rs. 300,000 – Nil	(2) next Rs. 400,000 – 5 per cent
(3) next Rs. 400,000 – 10 per cent	(4) next Rs. 400,000 – 15 per cent
(5) next Rs. 500,000 – 20 per cent	(6) next Rs. 500,000 – 25 per cent
(7) next Rs. 500,000 – 30 per cent	(8) balance – 35 per cent
 - Interest income on loans granted by Lady Lahore Loan Fund to employees of the government institutions was exempted from income tax.
 - 50 per cent of the profit arising to a writer from the sale of a book and to a producer from staging of a drama was exempted from income tax for a period of one year from the publication of that book or staging of that drama.

	<ul style="list-style-type: none"> - Royalty received by a singer on the broadcasting or telecasting of a song was exempted from income tax. - Income tax incentives of five years given for upgrading of a cinema was extended to a period of seven years. - Interest or any trade profits derived from the sale of any foreign currency denominated sovereign bonds issued by or on behalf of the Sri Lanka government to any non-resident person or LCB in Sri Lanka (effective from 21 October 2008) was exempted from income tax. - The exemption from income tax applicable on the interest accruing to any person on moneys invested in Sri Lanka Development Bonds (SLDBs), denominated in US dollars, issued by the CBSL, was closed. This exemption was transferred to cover the entire profit and income instead of interest income of such business. - Profits and income derived by or accruing on or after 01 February 2009, to any person or partnership from investment in Economic Resurgence Certificates utilising money lying to credit in foreign currency in any account opened in any LCB or Licensed Specialised Bank (LSB) with the approval of the CBSL, from and out of monies deposited in that account on or after 1 February 2009, were exempted from income tax. - Profits and income for a period commencing from 01 April 2009 and ending on 31 March 2011, earned in foreign currency by any resident company, any resident individual or any partnership in Sri Lanka from any service rendered in or outside Sri Lanka to any person or partnership outside Sri Lanka were exempted from income tax, if such profits are remitted to Sri Lanka through a bank in Sri Lanka. - The maximum income tax rate applicable on profits from employment of employees providing professional services to any person or partnership, which is exempt from income tax, was limited to 20 per cent, if such employees are paid in foreign currency. - Provisions relating to Withholding Tax (WHT) on interest from money deposited by or on behalf of any individual, in any bank or financial institution were revised as follows: <ul style="list-style-type: none"> (a) If the assessable income for the year of assessment does not exceed Rs. 300,000, then no tax is deducted from such interest. (b) If the assessable income for the year of assessment exceeds Rs. 300,000 but does not exceed Rs.1,000,000, then tax is deducted at 2.5 per cent from such interest. (c) If the assessable income for the year of assessment exceeds Rs. 1,000,000, then tax is deducted at 10 per cent from such interest. - Companies were made liable to pay SRL in relation to income tax payable, under the respective provisions of the Inland Revenue Act. - Provisions were made to collect Construction Industry Guarantee Fund Levy as a WHT, at the time of withholding of income tax. - The upper limit of Economic Service Charge (ESC) chargeable from any person or partnership was increased from Rs. 15 million to Rs. 30 million for any relevant quarter commencing on or after 01 April 2009. - Income tax on profit from export of tea packets, containing not more than 1 kg in a packet, was reduced to a concessionary rate of 15 per cent.
01 May 2009	<ul style="list-style-type: none"> - Excise duty on LP gas was reduced from 5 per cent or Rs. 27.50 per kg to 5 per cent or Rs. 26.50 per kg, whichever is higher.
19 June 2009	<ul style="list-style-type: none"> - NBT was increased from 1 per cent to 3 per cent. - Provisions were made to limit the deduction allowed in respect of NBT payable to one third, for the purpose of ascertaining the profits or income of any person or partnership arising from any source, for charging income tax.

- 30 June 2009 - A Presidential Commission on Taxation was appointed to study and make recommendations on the improvement of the tax revenue and tax administration.
- 01 July 2009 - NBT on manufacturing of rice from locally produced paddy was reduced from 3 per cent to 1.5 per cent.
- Excise duty on LP gas was increased from 5 per cent or Rs. 26.50 per kg to 5 per cent or Rs. 31.50 per kg, whichever is higher.
- 01 August 2009 - The importation of any article used for exclusively in manufacturing of pharmaceuticals in Sri Lanka and the packing material exclusively used for packing of pharmaceuticals manufactured in Sri Lanka, which are imported by the manufacturers of such pharmaceuticals where such material are not manufactured in Sri Lanka, was exempted from NBT.
- Aircraft or ships imported on lease or outright purchases were exempted from NBT.
- 01 January 2010 - Excise duty on LP gas was reduced from 5 per cent or Rs. 31.50 per kg to 5 per cent or Rs. 8.70 per kg, whichever is higher.
- 01 March 2010 - Excise duty on LP gas was totally removed.

Government Expenditure

- 01 January 2009 - Cost of Living Allowance (COLA) payable for public servants and government pensioners was increased up to Rs. 4,500 per month and Rs. 2,000 per month, respectively.
- In the case of public servants who are drawing daily paid emoluments, the COLA payable was increased from Rs. 116.66 to Rs. 150.00 per working day.
- 27 October 2009 - All state banks were directed to grant housing loans to public sector employees who have applied loans under the government servants' housing loan scheme.
- January 2010 - The COLA payable for public servants was increased from Rs. 4,500 to Rs. 5,250 (by Rs. 750) per month with effect from November 2009.
- The COLA payable for government pensioners was increased from Rs. 2,000 to Rs. 2,375 (by Rs. 375) per month with effect from November 2009.
- The COLA payable for public servants who are drawing daily paid emoluments was increased from Rs.150 to Rs. 175 per working day with effect from November 2009.

Debt Management

- 01 January 2009 - The Master Repo Agreement, which can be commonly used by Primary Dealers (PDs) and LCBs, was implemented.
- 06 January 2009 - Treasury bill and Treasury bond market was opened to the Sri Lankan Diaspora and migrant workers.
- 21 April 2009 - Approval of the Parliament was granted to increase the limits of Treasury bills from Rs. 500 billion to Rs. 650 billion.
- 03 July 2009 - Cabinet approval was granted to increase the limit of Sri Lanka Development Bonds (SLDBs) for the year 2009 from US dollars 500 million to US dollars 750 million.
- 17 November 2009 - The maximum borrowing limit of the government for 2009 was increased from Rs. 840 billion to Rs. 1,050 billion.
- 02 December 2009 - The dedicated primary dealer system was diversified by allowing PDs to engage in fee based activities and to invest in ordinary shares/debentures of its own group of companies of banking and finance in nature which are regulated by a regulatory authority in Sri Lanka.

Financial Sector

- 02 January 2009 - A circular was issued to all Licensed Banks (LBs) and Registered Finance Companies (RFCs) requiring that no institution open, operate or maintain an account, where the holder of such account cannot be identified.
- 12 January 2009 - The Penal rate of interest charged on reverse repurchase transactions with the CBSL was reduced by 200 basis points to 17.00 per cent per annum from 19.00 per cent per annum.
- 30 January 2009 - Considering the major set-back in global economic activities and their impact on the tourism industry, banks were requested to grant some concessions including a moratorium of 6 months from January to June 2009 in respect of outstanding credit facilities to those institutions in the tourism industry that wish to avail themselves for such concessions.
- 01 February 2009 - All inclusive per transaction fee on Real Time Gross Settlement (RTGS) system and Scrippless Securities Settlement System (SSSS) in LankaSettle was increased from Rs. 240 to Rs. 400.
- 11 February 2009 - The CBSL's Repurchase and Reverse Repurchase rates were reduced by 25 basis points to 10.25 per cent per annum and 11.75 per cent per annum, respectively.
- The Penal rate of interest charged on reverse repurchase transactions with the CBSL was reduced by 50 basis points to 16.50 per cent per annum.
- 12 February 2009 - The Tamil Foundation was included among the list of terrorist organisations of the USA and accordingly all Licensed Banks (LBs) were informed to monitor and report details of remittances facilitated/to be facilitated by Tamil Foundation through their banks.
- 27 February 2009 - The CBSL reduced the Statutory Reserve Ratio (SRR) by 75 basis points from 7.75 per cent to 7.00 per cent.
- 03 March 2009 - Banks were advised to take appropriate measures to expand credit to the private sector based on the evaluation of the credit risk of customers in order to facilitate economic activities and to enhance growth prospects in the economy.
- 04 March 2009 - The term reverse repurchase facility of the CBSL, at comparable annualized compounded rate of interest on overnight reverse repurchase penal rate under the standing facility was available up to one-month maturity.
- 06 March 2009 - The repurchase facility was limited to Rs.100 million per Participating Institution (PI) per day on the days when the CBSL offers reverse repurchase facility at the reverse repurchase rate of the CBSL.
- A circular was issued to Director General of the Board of Insurance of Sri Lanka on streamlining the Anti Money Laundering/Combating of Financing of Terrorism (AML/CFT) compliance of the insurance companies.
- 18 March 2009 - The Penal rate of interest charged on reverse repurchase transaction with the CBSL was reduced by 175 basis points to 14.75 per cent per annum.
- The margin deposit requirement of 100 per cent imposed against the opening of Letters of Credit (LCs) on the importation of selected commodities as well as in respect of import of the same items, Documents against Acceptance (DA) terms was withdrawn.
- The margin deposit requirement against the opening of LCs on the importation of motor vehicles was reduced from 200 per cent to 100 per cent.
- 19 March 2009 - Term Reverse Repurchase Auctions were introduced by the CBSL.
- 31 March 2009 - The existing direction on liquid assets issued to RFCs was replaced to reduce the required minimum level of liquid assets that is to be maintained against outstanding time deposits from 15 per cent to 10 per cent and, on savings deposits from 20 per cent to 15 per cent with effect from 15 March 2009.
- The existing direction on interest rates issued to RFCs was replaced to increase the upper limit of the rate of interest that may be paid by RFCs on deposits and discounting rate of bonds or other instruments issued with effect from 01 April 2009.

07 April 2009	- Considering the liquidity problems encountered by the finance companies and leasing companies aggravated by the sudden withdrawal of credit lines by some banking institutions, all banks were requested to carry on normal business with RFCs and Specialised Leasing Companies (SLCs) in order to ensure the stability of the financial system.
08 April 2009	- The margin deposit requirement of 100 per cent imposed against the opening of LCs on importation of motor vehicles was withdrawn.
22 April 2009	- The Penal rate of interest charged on reverse repurchase transactions with the CBSL was reduced by 175 basis points to 13.00 per cent per annum from 14.75 per cent per annum. - The CBSL's Repurchase rate was reduced by 125 basis points to 9.00 per cent per annum. - The Finance Companies (Stimulus Package Conditions) Direction was issued to strengthen the stability of RFCs and apply to every finance company come into operation with immediate effect. - The Finance Leasing (Stimulus Package Conditions) Direction was issued and the SLCs that intended to obtain facilities were required to fulfill certain requirements.
24 April 2009	- Banking Act Directions were issued to LCBs and LSBs replacing the existing directions to permit the Monetary Board to determine the maximum time period to reduce any material interest acquired in excess of 15 per cent under certain exceptions on a case-by-case basis.
05 May 2009	- In view of policy measures taken by the CBSL, banks were requested to take appropriate measures to reduce interest rates charged from their customers.
21 May 2009	- The Penal rate of interest charged on the CBSL's reverse repurchase transactions was removed. - All the restrictions on overnight Repurchase and Reverse Repurchase transactions of the CBSL under standing facility were removed. - Reverse Repurchase rate of the CBSL was reduced by 25 basis points to 11.50 per cent per annum.
22 May 2009	- LankaClear (Pvt.) Ltd. (LCPL) launched Sri Lanka's first Certificate Authority under the brand name of LANKASIGN to promote public confidence in the authenticity, integrity and reliability of electronic records.
26 May 2009	- Draft guidelines were issued to banks on outsourcing banking activities for comments and suggestions.
16 June 2009	- The CBSL's Repurchase and Reverse Repurchase rates were reduced further by 50 basis points to 8.50 per cent per annum and 11.00 per cent per annum, respectively.
23 June 2009	- A circular was issued to all LBs on terms and conditions relating to web based information reporting system introduced by Financial Intelligence Unit (FIU) in the submission of regular reports to FIU.
31 July 2009	- Service Providers of Payment Cards Regulations were authorised by HE the President to regularise, supervise and monitor the card based payment systems in the country adhering to the international standards and best practices.
01 September 2009	- Revised LankaSettle System Rules were issued to the participating institutions. - Banking Act Direction was issued on risk management relating to foreign exchange management of LCBs.
02 September 2009	- Banking Act Direction on abandoned property of LCBs was issued with a view to safeguard the interest of customers of banks, who do not have any transaction for a long period of time.

- Banking Act Determinations on annual licence fee of LCBs and LSBs were issued. The annual licence fee for 2010 was increased to Rs. 1,000,000 for LCBs conducting both domestic business and off-shore banking business, Rs. 600,000 for LCBs conducting only off-shore banking business and Rs. 300,000 for LSBs.
- Banking Act Determinations and Direction on approved securities for granting accommodation to any Director or close relation of a Director or to any concern in which the Director has substantial interest were issued to LCBs and LSBs, respectively, permitting leased backed trust certificates/lease receivables as approved security for accommodation to the aforementioned.
- 11 September 2009 - The CBSL's Repurchase and Reverse Repurchase rates were reduced by 50 basis points to 8.00 per cent per annum and 10.50 per cent per annum, respectively.
- 30 September 2009 - The existing direction on interest rates issued to RFCs was replaced to reduce the upper limit of the rate of interest that may be paid by RFCs on deposits and discounting rate of bonds or other instruments issued with effect from 01 October 2009.
- 06 October 2009 - The issuance of CBSL securities on overnight as well as term basis was re-commenced.
- 15 October 2009 - Direction was issued to Specialised Leasing Companies (SLCs) with the purpose of minimising the credit risk.
- Direction was issued to SLCs on business transactions with directors and their relatives.
- 16 October 2009 - Banks were requested to expand credit to the private sector, reduce interest rates and lend to SMEs.
- 23 October 2009 - Banking Act Order was issued permitting transfer of funds between Treasury bill/bond, Investment External Rupee Accounts, Share Investment External Rupee Accounts of a non-resident and accounts maintained in Off-shore Units in Sri Lanka by non-residents.
- 30 October 2009 - Foreign Exchange SWAPS (FX-SWAPS) were introduced as an instrument to absorb excess liquidity.
- 06 November 2009 - In case of liquidity requirements, sell-back facility for participant's holding of CBSL securities was introduced.
- 17 November 2009 - CBSL's Repurchase and Reverse Repurchase rates were reduced by 50 basis points and 75 basis points, respectively, to 7.50 per cent per annum and 9.75 per cent per annum, respectively.
- 30 November 2009 - Banks were requested to reduce interest rates on credit cards and maintain interest rates in the region of 24 per cent per annum to 36 per cent per annum.
- 21 December 2009 - The deadline of meeting the minimum capital requirement of LBs was extended by six months to those banks which were not in a position to achieve the requirement.
- 30 December 2009 - Direction was issued on deadlines for submission of periodic returns by RFCs to the CBSL.
- Direction on Corporate Governance was issued to SLCs with the aim of making board of directors more responsible and accountable for affairs of the leasing companies to promote a healthy and robust risk management framework for leasing companies in order to maintain the overall soundness of the leasing industry.
- Amendment to Banking Act Directions on classification of loans and advances, income recognition and provisioning for LCBs and LSBs was issued.
- 01 January 2010 - The lending rates of the three agricultural credit schemes namely New Comprehensive Rural Credit Scheme, Agro Livestock Development Loan Scheme and Krushi Navodaya Special Loan Scheme were reduced from 12 per cent to 8 per cent while the interest rates of the Awakening North Special Loan Scheme and the Eastern Province Development Scheme operated by the CBSL was reduced from 12 per cent per annum to 9 per cent per annum.
- 18 March 2010 - The government decided to pay a bonus interest to all senior citizens (above the age of 60 years) on their rupee savings and fixed deposits maintained in licenced banks with effect from 01 January 2010. Bonus interest shall be equal to 20 per cent of the interest that accrues after 01 January 2010 subject to a limit of Rs. 120,000 per annum, per person.

Forthcoming

- Setting up an independent authority for regulation and supervision of Micro Finance Institutions (MFIs).
- Implementing a guarantee scheme for bank loan facilities for RFCs and SLCs that are facing liquidity problems in specific circumstances with the purpose of improving the inflow of funds to RFCs and SLCs in the form of asset-backed lending.
- Implementing a Government Securities Borrowing Scheme as a monetary policy instrument.
- Issuing guidelines to improve integrated risk management framework of banks.
- Issuing guidelines on Basel II-Pillar 2 to further strengthen risk management and the capital planning process of banks.
- Facilitating the adoption of Sri Lanka Accounting Standards (SLAS) 44 and 45 to improve disclosures.
- Finalising the proposed amendments to the Banking Act.
- Implementing a Mandatory Deposit Insurance Scheme with a liquidity support scheme.
- Formulating of a framework for consolidated supervision.
- Establishment of an Exim Bank.