



**MONETARY BOARD  
CENTRAL BANK OF SRI LANKA  
CIRCULAR**

12 March 2021

No. 04 of 2021

**CONCESSIONS FOR LEASE FACILITIES OBTAINED BY**

**BUSINESSES AND INDIVIDUALS IN PASSENGER TRANSPORTATION SECTOR**

With a view to meeting the challenges faced by businesses and individuals engaged in passenger transportation sector due to the ongoing COVID-19 pandemic, the Central Bank of Sri Lanka (CBSL) requests licensed finance companies and specialised leasing companies, (hereinafter referred to as Non-Bank Financial Institutions), to provide concessions for the payment of lease facilities obtained by COVID-19 affected businesses and individuals engaged in passenger transportation services (hereinafter referred to as the Scheme) for a period of six months commencing from 1 April 2021 as specified below.

Accordingly, this Circular is issued to give effect to the Scheme in a consistent manner across all Non-Bank Financial Institutions (NBFIs).

**1. Period of deferment of lease installments**

- 1.1. NBFIs shall defer the lease installments for a period not exceeding 6 months commencing from 1 April 2021 or a shorter period as applicable, considering the financial difficulties faced by the eligible borrowers.
- 1.2. On the request made by affected borrowers, the lease installments (both capital and interest) shall be deferred by NBFIs.

**2. Deadline for submission of the application**

- 2.1. Eligible borrowers may request on or before 19 April 2021, for deferring the lease installments in writing or through electronic means. NBFIs shall expeditiously communicate the concessions, deadline and application format for submission to all eligible borrowers via printed and/or electronic means including email and SMS.
- 2.2. NBFIs shall accept any request submitted after 19 April 2021, if the reasons for delay in making such request is acceptable.

**3. Eligible borrowers**

- 3.1. 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 providing passenger transportation services to tourism sector.



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3.2. NBFIs may request the eligible borrower to submit necessary documentations to ensure that the vehicle is used to provide passenger transportation to the sectors referred in paragraph 3.1 above.

**4. Eligible credit facilities**

Performing lease facilities including lease facilities under moratorium as at 31 March 2021 obtained by eligible borrowers referred to under paragraph 3 above.

**5. Structuring of the concession**

**5.1. Extending the existing tenure of lease facilities**

- (a) NBFIs shall extend the existing tenure of lease facilities eligible for deferment by the respective period of deferment.
- (b) NBFIs may charge an interest rate for the deferred period only on the lease installments falling due during the deferred period, at a rate not exceeding the latest auction rate for 364-days Treasury Bills, available as at 01 April 2021, plus 5.5 per cent per annum and shall not exceed 11.5 per cent per annum.
- (c) Such interest accrued on deferred installments shall be recovered from April 2023 along with the existing lease installment falling due during this period on a monthly basis. In the case where, the remaining tenure of the lease facility ends before April 2023, the NBFIs may commence recovery of such interest at the completion of the remaining tenure of the lease facility.
- (d) Once the remaining tenure of the existing lease facility is over, borrowers shall commence repayment of the deferred installments referred to in paragraph 5.1 (a) above.

**5.2. Recovery of amounts due on the moratorium**

- (a) Considering that the use of public and private transportation is gradually returning to normalcy due to reopening of schools (monthly payments being collected uninterruptedly by many transport providers), offices, airport, etc., potential impact of the extended debt moratoria on the NBFIs, and the ongoing vaccination program, NBFIs shall commence recovery of installments falling due in relation to the moratoria granted during 01 April 2019 to 31 March 2020, 01 April 2020 to 30 September 2020 and 01 October 2020 to 31 March 2021 (hereinafter referred to as



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- moratoria), as applicable, during the deferred period of the existing lease facility referred to in paragraph 5.1(a) above.
- (b) The repayment of the remaining installments due in relation to the previous moratorium as referred to in paragraph 5.2(a) above, shall be deferred until the remaining tenure including the deferred period of the existing lease facility is over.
- (c) For such deferred period of the installments due in relation to the moratoria, interest shall accrue at a rate not exceeding the latest auction rate for 364-days Treasury Bills, available as at 01 April 2021, plus 5.5 per cent per annum and shall not exceed 11.5 per cent per annum.
- (d) Such interest shall be recovered on a monthly basis immediately after completing the payment of interest referred in paragraphs 5.1(b) and (c) above along with the installments on the existing lease facility and deferred installments relating to moratoria referred to in paragraph 5.2(b), as applicable.
- (e) Once the remaining tenure including the deferred period of the existing lease facility is over, borrowers shall commence repayment of the deferred installments relating to the moratoria referred to in paragraph 5.2(b) above.
- 5.3. If the borrower submits a written request to settle the lease instalments falling due during the deferred period including the dues of moratoria and interest for the deferred period, early, NBFIs may facilitate such requests. In such case, NBFIs and the borrower shall agree on the structure, interest rate and the tenure.
- 5.4. NBFIs may offer any additional options to borrowers, on the request of the borrower, in a way that the overall benefits to borrowers are not less than the benefits offered under this Circular. In such case, NBFIs shall clearly explain the interest computation under all options including the structure proposed in this Circular to the borrower, prior to approving such concession.
- 5.5. NBFIs shall waive off the penal interest accrued and unpaid as at 01 April 2021, if any and penal interest shall not be accrued and charged during the period of deferment.
- 5.6. NBFIs shall not levy excessive fees or charges in relation to granting of the concessions.
- 5.7. In the case of declined requests, NBFIs shall clearly mention the reason for such decline.



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**6. Accounting considerations on deferment of lease instalments**

NBFIs shall account for the deferment of lease instalments as per Sri Lanka Accounting Standards and any additional guidance provided by CA Sri Lanka (CASL) on Financial Reporting implications due to the outbreak of COVID-19. NBFIs may seek advice from CASL and Auditors for additional guidance/clarification in this regard.

**7. Reporting requirement**

NBFIs shall report the details of deferment of lease instalments availed by their borrowers to the Department of Supervision of Non-Bank Financial Institutions as at the end of each month, within 15 working days, commencing from 30 April, 2021. A reporting format will be issued in due course.

**Prof. W D Lakshman**  
*Chairman of the Monetary Board and  
Governor of the Central Bank of Sri Lanka*

Please contact your nearest branch for more details.

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