

Central Bank considers extending loan relief package for tourism sector

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Nov 24, Colombo: Governor of Central Bank Ajith Nivard Cabraal is confident that the pressure resulted from the economic crisis will ease by January.

The Head of the Central Bank points out that all sectors of the country are currently under pressure due to the economic crisis caused by the Covid pandemic. He points out that the pressure will be at its maximum until next January, after which it will gradually subside.

The Governor of the Central Bank stated this at a special discussion held at the Central Bank Auditorium today (24) regarding the problems faced by those engaged in the tourism sector. The discussion was held at the request of Tourism Minister Prasanna Ranatunga. The issues currently affecting the institutions under the Ministry of tourism including Tourism, Civil Aviation, Airports and Aviation, SriLankan Airlines were discussed at length.

Minister of Tourism Prasanna Ranatunga requested the Governor of the Central Bank to extend the concessions granted to those engaged in the tourism sector until the tourism sector recovers. The Minister also pointed out that requests have been made to restructure the loans obtained by those engaged in the tourism sector.

Responding to this the Governor of the Central Bank stated that attention has been paid in this regard. He said the borrowers can submit a proposal with a request to the relevant banks and obtain the concessions, and if necessary, the Central Bank could make a recommendation to such borrowers.

The Governor of the Central Bank emphasized that the loan relief package and leasing concessions provided to those engaged in the sector will be effective till June next year and it could be extended further.

Minister Ranatunga further stated that there have been reports of vehicles being taken over by leasing companies from those engaged in the tourism sector. In addition, there have been reports of leasing companies collecting more money in installments when granting lease concessions, the Minister said. People in the tourism industry have complained to the Minister that leasing companies charge extra interest on acquisitions and concessions for leasing.

Responding to the concerns, the Governor of the Central Bank said that the leasing companies have been informed to stop the acquisition of vehicles. Cabraal emphasized that it was not permitted to add extra interest when granting a lease concession.

The Governor said further steps could be taken if the relevant incidents were presented separately and asked to inform the Central Bank immediately if there were any incidents of leasing companies acquiring vehicles and collecting extra money. He also stressed that action would be taken against the leasing companies.

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The Governor of the Central Bank pointed out that Rs. 4,100 billion had been provided as loan relief in the recent past and that the interest on loans had been reduced by Rs. 330 billion.

Minister Prasanna Ranatunga said that 29,000 tourists had arrived in the country during the last 21 days and expected that between 150,000 and 180,000 tourists are expected to arrive in the country by the end of this year.

In addition, discussions were held regarding the restructuring of loans obtained by those engaged in the tourism sector. The Central Bank also agreed to extend its support in this regard. In addition, obstacles encountered in the implementation of airport development projects and the activities of the Civil Aviation Authority were also discussed.

Rajiv Sooriyachchi, Vice Chairman, Airports and Aviation Services Ltd. (AASL), said the rules and regulations implemented under the new normalization would hamper the implementation of development projects at the Katunayake Bandaranaike International Airport.

The issue was discussed at length and the Governor of the Central Bank said discussions will be held with the Ministry of Finance to resolve these issues expeditiously.

S. Hettiarachchi, Secretary to the Ministry of Tourism; Madhava Devasurendra, Secretary to the Ministry of Airports and Export Processing Zones; Upul Dharmadasa, Chairman, Civil Aviation Authority; Rajiv Sooriyachchi, Deputy Chairman, Airports and Aviation Services, Director General of the Tourism Development Authority Dhammika Wijesinghe, Deputy Governor of the Central Bank TMJYP Fernando and many other officials were present at the discussion.