

FOREIGN LOANS FOR LOCAL ENREPRENEURS



**GUIDELINES FOR BORROWING AND LENDING
AND THE STIPULATED TERMS FOR THE LOANS**

A new procedure for granting permission to obtain loans from foreign sources for projects which contribute to the economic development in Sri Lanka has been introduced by the Exchange Control Department of the Central Bank of Sri Lanka.

ELIGIBILITY TO BORROW

First Category

- Merchandise exporters registered with the Export Development Board
- Tourism
- Tourists Entertainment Centres
- Gem and Jewellery
- Shipping
- Domestic Air Travel

Companies engaged in the above businesses will be considered subject to the condition that repayments should be made out of foreign exchange earnings of a company.

Second Category

- Agriculture, Livestock and Plantation
- Fisheries
- Food Processing
- Education and Training
- Power Generation and Transmission
- Research and Development
- Hospitals and Provision of Health and Health Care Services
- Commercial Housing Construction
- Construction of Roads and Bridges
- Mass Transportation
- Environmental Protection
- Departmental Stores
- Vehicle Assembling
- Ports & Ancillary Services
- Industrial Parks
- Urban Infrastructure (water supply, sanitation and sewage projects)
- IT Service Providers
- Heavy Industries and Manufacturing

Companies following the above businesses will be considered irrespective of the capacity to repay the loans out of foreign exchange earnings of the company.

Third Category

- Consultancy Services
- Handicrafts manufacturers registered with the Government Authorities
- Advertising, Publishing, Photography
- Services related to sports
- Fashion Modeling and Film Industry
- Entertainment Industry (Music, Dancing, Event Management etc.)

Sole proprietorships in the above businesses will be considered for granting permission irrespective of capacity to repay the loans out of foreign exchange earnings of the proprietorship.

ELIGIBILITY TO LEND

- International Banks or Financial Institutions
- Multilateral Financial Institutions
- Foreign shareholders or parent companies of the borrowing companies
- Export credit agencies
- Individual lenders: subject to furnishing of a confirmation from the banker of his/her country of residence that he/she had been maintaining an account with the said bank at least for a period of one year prior to the date of lending along with evidence that he/she is a tax payer in the country of residence;

STIPULATED TERMS FOR LOANS

- **Maximum amount to be borrowed:** USD 20 million
- **Repayment period:** Shall be at least three years from the date of final loan disbursement
- **Cost of Borrowing:** All costs including fees, charges and interest applicable for the loans shall not exceed the prevailing Sri Lanka's International Sovereign Bond rate in the secondary market + 200 basis points;

THE PURPOSE OF BORROWING

Investment in the business, working capital, restructuring of a company or to settle existing foreign currency loans.

Details of the procedure to be followed in order to obtain the approval from the Central Bank and the application form required to be submitted to the Central Bank can be downloaded from the Central Bank of Sri Lanka Website www.cbsl.gov.lk