



இதல் அலாநலாண்ட நிதி அமைச்சு

MINISTRY OF FINANCE

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PRESS RELEASE

Indian credit for food goes to import steel - Clarifications on recent media reports

The Ministry of Finance would like to clarify that the news article on the Sunday Times dated 1st May, 2022 titled “Indian credit for food goes to import steel” was based on false information.

The Government of Sri Lanka has signed the USD one billion Credit Facility Agreement with the Government of India to facilitate Sri Lankan importers who faced many difficulties in opening Letter of Credits to import foods and other essential items due to the shortage of foreign currency in the banking system and the market.

Based on the monthly requirement and the information received from importers, the credit line was initially allocated for importation of (a) essential food items - USD 300 mn, (b) medicine - USD 200 mn and (c) industrial raw materials - USD 500 mn. However, this allocation was later revised to accommodate much needed fuel and LP gas by reducing the allocation for industrial raw materials and food items (Annex 1). These allocations were determined considering the prevailed requirements at the time of finalizing the credit line.

The industrial raw materials include paper & printing materials, packaging materials, raw materials for textile industry, non-carbonic chemicals, cement/clinker, raw materials for transformers, fertilizer and steel. Industrial raw materials were considered in this credit line as these materials are required for continuation of the ongoing important projects and export industries that will ultimately bring foreign

exchange in to the country. As of today, USD 40 mn has been utilized for importation of steel.

Government will review the present allocation for different sub categories based on the current needs prioritizing essential food items, medicines, fuel and LP gas. A guideline has already been published in the web of the Ministry of Finance and applications are invited from interested parties for importation of goods under the credit facility.

Ministry of Finance

Annex 1

Sectoral Breakdown of Credit Facility

Item/Sector	Initial Estimate (USD mn)	Revised Estimate (USD mn)
Industrial raw materials	500	260
Food items	300	180
Medicine	200	200
Fuel		200
LP Gas		160*
	1,000	1,000

* This amount may change based on the requirement.