

## **Concessionary Loan Scheme of the Government**

Ministry of Finance and Mass Media has issued instructions to the Banks in relevant to implement the Concessionary Loan Scheme of the Government with effect from 31<sup>st</sup> March 2017 giving effect to the Budget Proposals 2017 and banks have already started the initial works for granting loans.

In implementing this loan scheme, Rs. 4,475 million has been allocated for the year 2017 for payment of loan subsidies. It is expected to create more than 50,000 new job opportunities through this programme.

Under this programme, following 8 loan schemes will be implemented aiming at developing main sectors of the economy.

### **1. “Ran Aswenna” Loan Scheme**

This loan scheme is implemented with the aim of the enhancing productivity in the agriculture sector and facilitating commercialization and loans are granted for the farmers, farmer organizations, agro processing establishments under this loan scheme to introduce modern technologies required to increase the productivity and to establish commercially operated large scale farms by the private sector entrepreneurs on agreement with farmers, construct state of art paddy storages by the owners of the rice mills, to expansion of businesses of the entrepreneurs of the fish farming and ornamental plant growers

Facilities have been arranged for granting loans through Bank of Ceylon, Peoples’ Bank, Regional Development Bank, Lankaputhra Development Bank, Sri Lanka Savings Bank, Hatton National Bank, Commercial Bank and Sampath Bank.

Under this loan scheme maximum loan amount of Rs. 750 million could be obtained and maximum loan repayment period is 5 years. Since 50 percent of the interest is paid by the government the interest rate to be paid by the borrower is 6.54 percent as per the current interest rates. The government has allocated Rs. 925 million for the year 2017 to pay 50 percent interest subsidy. Even though, these loan schemes are being implemented with effect from March 31<sup>st</sup> 2017. It is allow to obtain loan against the instruments already done in the year 2016 by considering the volume and the time period of the loan provided for

commercial scale agricultural companies for establishing large scale farmers under the “Ran Aswanna” loan scheme.

## **2. “Govi Navoda” Loan Scheme**

This loan scheme is implemented with the aim of mechanizing the small scale farmers, through promotion of utilization of machinery in budding, planting, weeding, harvesting and preparing agricultural lands and thereby financially empower them through increasing harvest and minimizing the production cost. Under this loan scheme, maximum loan amount of Rs. 500,000 to being granted for small scale farmers and farmers’ organization and the loan repayment period is 5 years.

Facilities have been provided for granting loans by Bank of Ceylon, Peoples’ Bank, Regional Development Bank, Lankaputhra Development Bank, Sri Lanka Savings Bank, Hatton National Bank, Commercial Bank and Sampath Bank.

As the 75 percent of the interest is paid by the government, the interest rate to be paid by the borrower that obtains the loan is 3.27 percent. The government has allocated Rs. 50 million for the year 2017 to pay the interest subsidy.

## **3. “ Riya Shakthi” Loan Scheme**

This loan scheme is introduced to promote the owners of school services van to move at least for 28 seat buses aiming at providing safer school transport service to school children and it is expected to establish more effective school transport service in the country.

This loan is provided through the main two public banks, Bank of Ceylon and the Peoples’ bank. Under this loan scheme maximum loan amount of Rs. 4 million could be obtained by an owner of a van and loan repayment period is 5 years. Since 75 percent of the interest is paid by the government the interest rate to be paid by the party that obtains the loan is 3.27 percent. The government has allocated Rs. 150 million for the year 2017 to pay the interest subsidy.

#### **4. “Rivi Bala Savi” Loan Scheme**

Loans are granted to promote solar energy aiming at converting every housing unit as a solar unit under the “SOLAR SUPPLY” programme of the government and the house owners can supply their energy requirement at a lower cost while earning an additional income by selling the energy generated by the solar cells in their houses. It is expected to convert 1,000,000 housing units to solar power units under this scheme and maximum amount of Rs. 350,000 is provided for a house owner.

Facilities have been provided for granting loans by Bank of Ceylon, Peoples’ Bank, National Savings Bank, Regional Development Bank, Lankaputhra Development Bank, Sri Lanka Savings Bank, Hatton National Bank, Commercial Bank and Sampath Bank.

The maximum loan repayment period is 5 years and the interest to be paid by the lender is 6 percent. The government is paying 6 percent subsidy to the Bank and the government has allocated Rs. 1,500 million for the year 2017.

#### **5. “Diri Saviya” Loan Scheme**

Objective of this loan scheme is to provide 15,000 deep freezers with the aim of distributing qualitative poultry products in island wide in order to uplift the nutrition level of the rural people and to enhance qualitative storage facilities among new self-employ traders for poultry products and minimizing stock loss and thereby increase their income levels.

Accordingly, deep freezers will be provided for selected 15,000 self-employees and loans for deep freezers will be provided by the main two public banks, Bank of Ceylon and the Peoples bank liable to Rs. 50,000 maximum limit per a deep freezer and loan repayment period is 4 years. Total interest for the loan will be covered by the government and the government has allocated Rs. 75 million for the year 2017 to pay this interest subsidy.

#### **6. “Jaya Isura” Loan Scheme**

The main objective of this loan scheme is to empower the small and medium scale enterprises including agriculture, fisheries, livestock, floriculture, horticulture, light

engineering, printing, tourism, handicrafts, garments, information technology and production industry based on their trade turnover and to increase the number of job opportunities created.

Accordingly, small entrepreneurs engage in the above fields and whose annual turnover is from Rs. 25 million to Rs. 250 million with 10-50 employees can obtain a loan liable Rs. 50 million maximum limit and loan recovery period of 5 years. If these entrepreneurs engage in export market they can obtain a loan up to maximum limit of Rs. 100 million. As the 50 percent of the interest is paid by the government the interest rate to be paid by the party that obtains the loan is 6.54 percent.

Accordingly, small entrepreneurs engage in the above fields and whose annual turnover is from Rs. 250 million to Rs. 750 million with 51-100 numbers of employees can obtain a loan liable Rs. 200 million maximum limit and recovery period of 5 years. If these entrepreneurs engage in export market they can obtain a loan up to maximum limit of Rs. 400 million. As the 25 percent of the interest is paid by the government the interest rate to be paid by the party that obtains the loan is 9.81 percent.

Facilities have been provided for granting loans by Bank of Ceylon, Peoples' Bank, Regional Development Bank, Lankaputhra Development Bank, Sri Lanka Savings Bank, Hatton National Bank, Commercial Bank and Sampath Bank. The government has allocated Rs. 750 million for the year 2017 for the payment of interest subsidy.

## **7. “Madya Aruna” Loan Scheme**

Under this loan scheme interest free Rs. 300,000 loan amount is given to registered journalist and media personnel who proceed their duties with difficulties and a loan amount of Rs. 150,000 is provided on 6.5 percent interest rate for the modification of media equipment. Loans are granted by a major public bank, Peoples Bank and the government has allocated Rs. 25 million for this purpose.

## **8. “Soduru Piyasa” Loan Scheme**

This loan scheme is introduced aiming at granting loans to the people who have already initiated construction of a house but could not complete without helping hand and to expand the house less than 750 square feet.

This loan scheme is implemented through the National Savings Bank and maximum loan amount of Rs. 200,000 is provided for a family. 50 percent of the interest is paid by the government and the interest rate to be paid by the party that obtains the loan is 6.54 percent. The government has allocated Rs. 1,000 million for the year 2017 to pay the interest subsidy.