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Chandra fumes over scaling back of tourism support by banks

VETERAN hotelier Chandra Wickramasinghe yesterday expressed concern over the scaling down of the banks moratorium and working capital support

to the Easter Sunday terror-hit industry. He said as per the Central Bank's original Circular, the moratoriums and loan facilities were valid until 31 March 2020.



Chandra Wickramasinghe

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Chandra....

However the Department of Development Finance of the Ministry of Finance had issued a new circular, where the 3.46% concessionary interest rate is only valid till 31 December. "This should be ideally extended till 31 March 2020," stressed Chandra.

"It is critical that the President, the Prime Minister, the Finance Minister and the Central Bank Governor consider the plight of industry stakeholders and extend the working capital loan facility till 31 March 2020 with subsidised interest rates, enabling industry members to make their budgets accordingly," he added.

He said that the moratorium by banks on capital and interest on loans taken by the tourism industry was in place, however no clear-cut indication has been given on how the accrued capital and the interest has been restructured.

"Even though this facility is offered at a very concessionary rate, the decision of same will be taken only after December. All industry members who are to utilise this benefit is finding it hard to predict how their cash flows would work," Chandra opined.

Responding to the Central Bank Governor Dr. Indrajit Coomaraswamy's remarks last week at the post Monetary Policy Review, Chandra said the hotel sector is facing the biggest challenge. "There are about 48,000 registered hotel rooms in Sri Lanka out of which only 7,935 rooms are owned by conglomerates and public quoted companies. The rest belong to medium and small entrepreneurs and enterprises.

Out of the 945 approved applications, most can't produce further collateral or personal guarantees," said Chandra.

He also said that if Non-Performing Loans (NPLs) of the tourism sector was decided prior to 21 April, it should not penalise the performing borrowers.

Chandra was also critical of the less than enthusiastic and willing support from the banking sector since the Easter Sunday attacks.

"When tourism was booming prior to the 21 April, all bankers have pushed us to invest in the hotel and tourism industry, where there was no expected risks. When the industry is facing a tough time they take a laid back approach in coming to our aid," lamented Chandra.

He said that according to scientific studies conducted on post-terror-incident recoveries globally, it will take Sri Lanka 12 to 15 months to restore the glory of tourism sector.