

My number : EST-6/04/LON/1030
Ministry of Public Administration,
Provincial Councils and Local Government
Independence Square
Colombo 07.

09.05.2025

Secretaries to Ministries
Chief Secretaries of Provinces
Heads of Departments

Section 10, Chapter XXIV of the Establishments Code- Distress Loan

Your attention is drawn to Public Administration Circular 30/2008 dated 31.12.2008 issued on the above matter and sub-section 04.4 of Budget Circular No. 01/2025 dated 22.03.2025.

02. It has been decided by the Government to increase the maximum limit determined in granting distress loan to public servants up to Rs. 400,000/- from Rs. 250,000/- considering the increase in the minimum basic salary of public officers made by budget proposals 2025.

03. As per the above provisions, the amount equivalent to the salary of 10 months or Rs. 400,000/- whichever is lower, should be paid applying the basic salary in Schedule II of Public Administration Circular 10/2025 dated 25.03.2025 as the salary of the officer for the purpose of determining the amount of loan to be granted to the officer.

04. Accordingly, when calculating the limit of 40% from the salary taken into consideration for obtaining a loan/ advance by an officer, the basic salary in Schedule II of Public Administration Circular 10/2025 dated 25.03.2025 should be made applicable for the purpose.

05. Further, the basic salary in Schedule II of Public Administration Circular 10/2025 dated 25.03.2025 should be applied as the salary to be considered as the base for the recovery of the distress loan.

06. The respective institute should prepare an appropriate order of priority enabling to issue loans during the year without exceeding the existing maximum limits.

07. These provisions shall come into effect from 01.05.2025.

08. This circular is issued with the concurrence of the General Treasury.

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