



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**RECOVERY OF LOANS BY BANKS
(SPECIAL PROVISIONS) (AMENDMENT)
ACT, No. 1 OF 2011**

[Certified on 28th January, 2011]

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*Recovery of Loans by Banks (Special Provisions)
(Amendment) Act, No. 1 of 2011*

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L.D.—O. 11/2010.

AN ACT TO AMEND THE RECOVERY OF LOANS BY BANKS
(SPECIAL PROVISIONS) ACT, NO. 4 OF 1990

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

1. This Act may be cited as the Recovery of Loans by
Banks (Special Provisions) (Amendment) Act, No. 1 of 2011.

Short title.

2. The following new section is hereby inserted
immediately after section 5 of the Recovery of Loans by
Banks (Special Provisions) Act, No. 4 of 1990 (hereinafter
referred to as the “principal enactment”) and shall have effect
as section 5A of that enactment :—

Insertion of new
section 5A in the
Recovery of
Loans by Banks
(Special
Provisions) Act,
No. 4 of 1990.

“Application
of sections 3,
4 and 5 in
relation to
loans
exceeding
rupees five
million.

5A. (1) No action shall be initiated in terms
of section 3 of the principal enactment for the
recovery of any loan in respect of which default
is made, nor shall any steps be taken in terms
of section 4 or section 5 of the aforesaid Act,
where the amount of such loan is less than
rupees five million :

Provided however, at the time of default
when calculating the amount due and owing
to the Bank on the loan granted to such
defaulter, the interest accrued on such loan and
any penalty imposed thereon, shall not be
taken into consideration.

(2) The provisions of section 5A of this Act,
shall also apply in relation to any bank
established by an Incorporation Order made
under the provisions of any written law for the
time being in force, notwithstanding any
provisions relating to the recovery of loans by
any such bank.”.

2 *Recovery of Loans by Banks (Special Provisions)*
(Amendment) Act, No. 1 of 2011

Replacement of
section 22 of the
principal
enactment.

3. Section 22 of the principal enactment is hereby repealed and the following section substituted therefor :—

“Interpretation. 22 “bank” means a licensed commercial bank or a licensed specialised bank within the meaning of the Banking Act, No. 30 of 1988 which is empowered to take possession of movable or immovable property which has been mortgaged to the bank as security for any loan, overdraft, advance or other accommodation and in respect of which default has been made.”.

Sinhala text to
prevail in case
of inconsistency.

4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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