



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

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

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[Certified on 28th January, 2011]

*Printed on the Order of Government*

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

[ Certified on 28th January, 2011]

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**3.** Section 22 of the principal enactment is hereby repealed and the following section substituted therefor :—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