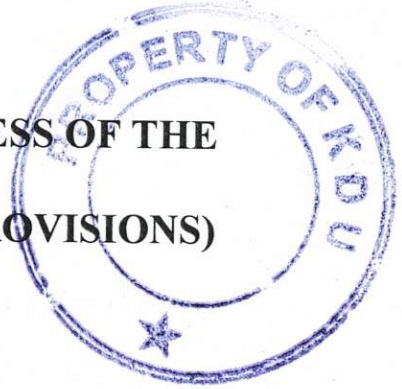


PERMANENT REFERENCE

**CRITICALLY ANALYSIS OF THE EFFECTIVENESS OF THE  
RECOVERY OF LOANS BY BANKS (SPECIAL PROVISIONS)**

**ACT, NO. 4 OF 1990 (AS AMENDED);**



**By**

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*The Dissertation submitted to*

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*of*

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## **ABSTRACT**

One vital component of a successful legal arrangement towards economic development of a country is a legal and judicial framework that provides for an efficient and prompt debt recovery process.

Recovery of Loans by Banks (Special Provisions) Act, No. 4 of 1990 (as amended) is the statute in economic terms, which provided dynamic recovery process in Sri Lanka. This much progressive economic term has introduced a unique recovery tool to recover the defaulted money from the borrowers. That non-judicial recovery tool is very popular among banks and even general public as parate execution. This unique recovery tool has introduced by the particular Act to reach its main objective economic development.

Key aim of this paper is analyse the success of the objectives of the Recovery of Loans by Banks (Special Provisions) Act, No. 4 of 1990 (as amended). Further, analyse and evaluate the parate execution method as an aid to success the objectives of the particular Act as a recovery tool is main objective of this research. Mainly, the research based on the black letter methodology.

According to the findings of this dissertation, its amendments and other related judicial decisions causes some extent to increase the Non-Performing Loan ratios of the country. Due to the high level of the Non-Performing Loan ratios, banks has to impose strict rule for loans threshold limits which in turn affects the low profitability and further create an adverse impact on the small and medium class segment of entrepreneurs.

Key words:- Recovery of Loans by Banks, Parate execution, Mortgage property, Economic development.