

CRITICAL ANALYSIS OF LAW AND PRACTICE RELATING TO DEBT RECOVERY ACTIONS IN SRI LANKA

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ABSTRACT

The laws governing money recovery in Sri Lanka are detailed in several statutes, including the Debt Recovery (Special Provisions) Act, the Recovery of Loans by Banks Act, and various Mortgage Acts. While the Civil Procedure Code outlines general debt recovery procedures, these specialised acts provide specific guidelines for legal actions under their purview, allowing for both regular and summary procedures. The Monetary Law Act, established under the Central Bank of Sri Lanka, regulates monetary, financial, and payment systems, while the Banking Act oversees the licensing and operations of banking businesses. This study addresses the effectiveness and efficiency of Sri Lanka's legal framework for money recovery actions, particularly in protecting borrower rights and meeting the needs of financial institutions, using a mixed-methods approach that combines doctrinal analysis with empirical data collection from legal practitioners and financial institutions. Despite these frameworks, debt recovery in Sri Lanka faces significant challenges, primarily due to prolonged court processes, resulting in low collection ratios. This thesis explores the current laws, procedures, and practices related to money recovery in Sri Lanka, identifying the key issues faced by borrowers and the inefficiencies within the judicial system. This study recommends urgent amendments to substantive and procedural laws, along with infrastructure and cultural reforms, to enhance the efficiency of the debt recovery process and better control non-performing loans.

Keywords - debt, recovery, statutes, borrower, inefficiencies