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CENTRAL BANK OF SRI LANKA

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Press Release

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Acting arrangement for the Governor of the Central Bank during his leave in Sri Lanka is legal

In an article published in the newspaper “Daily FT” on March 23, 2015, Mr. W.A. Wijewardena, a former Deputy Governor of the Central Bank, has stated that the law does not provide for an acting arrangement for the Governor when the Governor is in Sri Lanka. As such, the forced leave of the Governor is not recognized by law and all decisions made in the bank without him being present are subject to challenge in courts of law. The Central Bank wishes to state that the contents of the above statement are grossly incorrect and clarify the relevant legal position as follows.

1. In terms of Section 24 of the Monetary Law Act, in the event of temporary absence from duty of the Governor or of the temporary inability of the Governor to perform his functions and duties, the Deputy Governor designated as senior by the Monetary Board shall act as the Chief Executive Officer of the Central Bank and shall have authority to execute the powers and perform the functions and duties of the Governor under the Act. Therefore, whether the Governor is in Sri Lanka or abroad does not become a relevant concern when the provisions of Section 24 of the Act are invoked. The law in this regard is very clear and straight forward.

2. The designation of the Senior Deputy Governor was made by the Monetary Board at its meeting held on 17.03.2015 and, therefore, the relevant decision-making process in the Central Bank is legal.
3. The Governor's leave at present is not a form of forced leave. As announced in the Parliament on 17.03.2015 , the Governor went on leave to facilitate the inquiry on the issuance of Treasury Bond under the reference subject after informing the Monetary Board of taking such leave at its meeting held on 17.03.2015. Prior to that, the Governor informed it to the media as well.
4. Only certain decisions made in the bank require the Governor's approval in terms of relevant legal provisions and internal procedures. The rest of decisions are taken by other authorized officials in the bank. In Sri Lankan legal system, any decision taken by an administrative authority is subject to judicial review and this applies to the Central Bank, too, irrespective of the issue raised in the statement under reference.