

APPENDIX I.

- A. MAJOR LEGAL ENACTMENTS ADOPTED BY GOVERNMENT IN 1954.
- B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD  
IN 1954.

**A—MAJOR LEGAL ENACTMENTS ADOPTED BY GOVERNMENT IN 1954****(i) CEYLON DEVELOPMENT LOANS ACT, No. 6 OF 1954**

An Act to provide for the raising of loans the total amount of which shall not exceed six hundred million rupees for expenditure on the development of Ceylon, for the raising of any further loan which may be necessary for defraying the expenses of raising the aforesaid sum or any part thereof, and to make provisions regarding the raising, in the United Kingdom or from the International Bank for Reconstruction and Development, of any loan authorised by this Act or by any other Act:

(Date of Assent : February 22, 1954)

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. *Short title.*—This Act may be cited as the Ceylon Development Loans Act, No. 6 of 1954.

**PART I—Provisions relating to loans authorised by this Act**

2. *Authority to raise loans.*—(1) The Monetary Board is hereby authorised to raise for the Government of Ceylon loans the total amount of which shall not exceed six hundred million rupees for expenditure on any work connected with or incidental to the development of Ceylon.

(2) In addition to the sum specified in sub-section (1), the Monetary Board is hereby authorised to raise by way of loan, for the Government of Ceylon, such further sums as may be necessary for the purposes of defraying the expenses incurred in raising loans under that sub-section.

3. *Manner of raising loans.*—A loan authorised by this Act may be raised in such one or more of the following modes as the Government of Ceylon may determine :—

- (a) by the issue of stock or securities in accordance with the provisions of the Registered Stock and Securities Ordinance ;
- (b) by the issue of stock in accordance with the provisions of Part II of this Act ;
- (c) from the International Bank for Reconstruction and Development in accordance with the provisions of Part III of this Act.

4. *Application of moneys raised by way of loan under section 2 (1).*—All moneys raised by way of loan under sub-section (1) of section 2 may be expended on the work mentioned in that sub-section, but no such expenditure shall be finally charged to such loan except upon a resolution in that behalf passed by the House of Representatives :

Provided, however, that where a loan authorised by this Act is raised in accordance with the provisions of Part II or Part III of this Act for any purpose or purposes specified in any prospectus issued or any loan agreement entered into by or on behalf of the Government of Ceylon, the moneys raised by such loan shall not be expended on any purpose other than the purpose or all or any of the purposes specified in such prospectus or agreement, as the case may be.

**PART II—Provisions relating to the raising of loans in the United Kingdom**

5. *Loans to be raised in United Kingdom by issue of stock of Government of Ceylon.*—Where by this Act or any other Act authority is given to raise a loan, then, if the Government of Ceylon so determines, such loan may be raised by the issue of stock of the Government of Ceylon (hereinafter referred to as "Ceylon Government stock") in the United Kingdom in accordance with the provisions of this Part of this Act and the conditions of the issue detailed in the prospectus of that stock approved by the Government of Ceylon.

6. *Agent to issue and be Registrar of Ceylon Government stock.*—The Monetary Board shall appoint an Agent in the United Kingdom to issue Ceylon Government stock and shall appoint such Agent to be the Registrar of Ceylon Government stock, such appointments being made with the approval of, and upon such terms as may be determined by, the Government of Ceylon.

7. *Issue of Ceylon Government stock.*—Ceylon Government stock shall be issued under the provisions of the Colonial Stock Acts 1877 to 1948 of the United Kingdom or any Acts amending them or substituted therefor.

8. (1) *Ceylon Government stock regulations.*—Regulations relating to Ceylon Government stock may be made by the Registrar under section 16 of the Colonial Stock Act 1877, as extended by the Colonial Stock Act 1948, of the United Kingdom or any Acts amending them or substituted therefor, and the regulations may include provision that Ceylon Government stock shall be transferable by instrument in writing in accordance with the regulations and in no other manner and that certificates of title relating to Ceylon Government stock may be issued.

(2) Regulations made by the Registrar shall not come into force until they have been submitted to and approved by the Government of Ceylon.

9. (1) *Liability of Government of Ceylon in respect of Ceylon Government stock.*—The Government of Ceylon shall pay to each holder of any Ceylon Government stock the principal sum of his holding and the interest due thereon, on the dates and at the rates specified in the prospectus of the stock, and the premium, if any, payable on the redemption or conversion of his holding of such stock.

(2) The Minister of Finance shall from time to time authorise by warrant under his hand the withdrawal from the Consolidated Fund of Ceylon of sums sufficient to make the payments required by sub-section (1) to be made by the Government of Ceylon and shall cause those sums to be transmitted to the Registrar in such time as will enable the Registrar to make those payments on the due dates.

(3) The principal of, the interest on, and any premium payable on the redemption or conversion of Ceylon Government stock are hereby charged on the Consolidated Fund of Ceylon.

10. *Cessation of liability to pay interest.*—Interest shall not accrue on any Ceylon Government stock after the earliest date on which the payment of the principal amount due on that stock could lawfully have been demanded.

11. *Separate sinking fund for each issue of Ceylon Government stock.*—A separate sinking fund shall be established for the redemption of each issue of Ceylon Government stock.

12. *Trustees of sinking funds.*—The Monetary Board shall, with the approval of the Government of Ceylon, appoint a trustee or trustees of each sinking fund established under section 11, and such trustee or trustees need not be a resident or residents of Ceylon.

13. (1) *Contributions to sinking funds.*—In the half-year ending on the date specified in the prospectus as the date of the first half-yearly contribution to the sinking fund established for the redemption of any Ceylon Government stock and thereafter in each half-year ending on the date for the payment of the half-yearly interest on such stock, there shall be paid out of the Consolidated Fund of Ceylon the amount of the half-yearly contribution to such sinking fund calculated at the rate specified for such contributions in the prospectus of such stock.

(2) All contributions under sub-section (1) are hereby charged on the Consolidated Fund of Ceylon.

14. (1) *Investment of sinking funds, and cancellation of Ceylon Government stock acquired for such funds.*—All sums required by section 13 to be paid as contributions to the sinking fund established for the redemption of any Ceylon Government stock shall be paid to the trustee or trustees of that fund so as to be in his or their hands on the due date, and any sum so paid may by such trustee or trustees be invested in such stock or in any other securities in which trustees are from time to time authorised to invest trust moneys under the law in England.

(2) The trustee or trustees of a sinking fund may in his or their discretion from time to time vary or transpose any investments made under this section for or into any other investments authorised by this section.

(3) The trustee or trustees may in his or their discretion cancel any Ceylon Government stock acquired for the sinking fund established for the redemption of that stock.

15. *Investment of interest on sinking funds.*—The dividends, interest, bonus and other profits of any investment of any part of any sinking fund may be invested by the trustee or trustees of that fund in like manner as moneys paid under section 13 as contributions to that fund are invested, and the same when invested shall form part of that fund.

16. *Cessation of contributions to sinking funds.*—Notwithstanding anything to the contrary in any other provision of this Act, if at any time the trustee or trustees of the sinking fund established for the redemption of any Ceylon Government stock is or are satisfied that such fund will be sufficient with further accumulations, but without further payments of contributions, to enable such stock to be redeemed at the time fixed for its redemption, he or they shall inform the Minister of Finance accordingly, and the Minister of Finance is hereby authorised in such event to suspend further payments of half-yearly contributions to such fund :

Provided, however, that the half-yearly contributions as provided by section 13 to such fund shall be recommenced if the trustee or trustees of such fund at any time thereafter informs or inform the Minister of Finance that such trustee or trustees is or are no longer satisfied that such fund with further accumulations will be sufficient for the redemption of such stock.

17. *Expenses to be paid out of sinking funds.*—There shall be paid out of the sinking fund established for the redemption of any Ceylon Government stock all expenses specifically incurred in, or incidental to, the investment and management of such fund.

18. *Conversion or redemption of Ceylon Government stock.*—The Government of Ceylon may from time to time authorise the issue, on such terms as that Government may approve, of other

Ceylon Government stock for such amount as may be necessary for the purpose of redeeming or converting any Ceylon Government stock.

19. *Persons empowered to approve instruments.*—The Government of Ceylon is hereby empowered to authorise any person or persons on its behalf to approve any instrument or other document relating to or connected with Ceylon Government stock.

20. (1) (a) *United Kingdom investors' rights.*—Whenever by the final judgment, decree, rule or order of any Court of competent jurisdiction in the United Kingdom any sum of money is adjudged or declared to be payable by the Government of Ceylon in respect of any Ceylon Government stock, the Minister of Finance shall, notwithstanding anything to the contrary in any other law, forthwith pay the sum out of the Ceylon Government Account in London.

(b) For the purposes of this sub-section, the expression "final judgment, decree, rule or order" means in case of appeal the final judgment, decree, rule or order of the ultimate Court hearing the appeal.

(c) Without in any way limiting the foregoing provisions of this sub-section it is hereby declared that the Minister of Finance shall, notwithstanding anything to the contrary in any other law, forthwith pay out of the Ceylon Government Account in London whatever sums may from time to time be required in order to enable the Registrar forthwith to comply with any judgment, decree, rule or order with which under section 20 of the Colonial Stock Act 1877 of the United Kingdom the Registrar is required to comply.

(2) In order to enable every payment under sub-section (1) to be made out of the Ceylon Government Account in London the warrant of the Minister of Finance specifying the sum to be paid pursuant to that sub-section shall be sufficient authority to the person having control of that Account to cause the requisite money to be issued out of that Account.

(3) All sums which are required by this section to be paid out of the Ceylon Government Account in London are hereby charged on the Consolidated Fund of Ceylon.

21. (1) *Payments to certain persons in respect of Ceylon Government stock to be free from taxes, levies or duties.*—The principal of, the interest on, and any premium payable on the redemption or conversion of, such Ceylon Government stock as is in the ownership of persons or corporations neither resident nor domiciled in Ceylon shall be paid without deduction for and free from all taxes, levies or duties now or hereafter imposed by or under any law of Ceylon, notwithstanding anything in such law to the contrary.

(2) For the purposes of sub-section (1), the question whether a person or corporation is or is not resident in Ceylon shall be determined in accordance with the provisions of section 33 of the Income Tax Ordinance.

22. *Costs, charges and expenses.*—All costs, charges and expenses incurred in connection with the issue, management, redemption or conversion of any Ceylon Government stock are hereby charged on the Consolidated Fund of Ceylon.

### PART III—Provisions relating to loans from the International Bank for Reconstruction and Development

23. *Person empowered to enter into Loan Agreement with International Bank for Reconstruction and Development.*—Where by this Act or any other Act authority is given to raise a loan and the Government of Ceylon determines that such loan shall be raised from the International Bank for Reconstruction and Development (hereinafter referred to as the "International Bank"), then, for the purpose of raising such loan, the Governor-General of Ceylon may—

(a) enter into and sign, in the name and on behalf of the Government of Ceylon, a Loan Agreement with the International Bank, and

(b) do all such other acts as may be necessary for giving full effect to such Loan Agreement.

24. *Enforceability of Loan Agreement, bonds and promissory notes.*—Every Loan Agreement between the Government of Ceylon and the International Bank and every bond and promissory note issued pursuant to such Loan Agreement and held either by that Bank or by any other person shall be valid and enforceable in accordance with their respective terms, notwithstanding anything to the contrary in any law of Ceylon.

25. *Sums payable by Government of Ceylon under Loan Agreement, bonds and promissory notes to be a charge on Consolidated Fund of Ceylon.*—All sums payable by the Government of Ceylon to the International Bank under a Loan Agreement between that Government and that Bank and all sums payable by that Government under any bond or promissory note issued pursuant to such Loan Agreement and held either by that Bank or by any other person are hereby charged on the Consolidated Fund of Ceylon.

26. (1) *Payments under Loan Agreement, bonds and promissory notes, to be free from taxes, duties, fees and restrictions.*—All sums payable by the Government of Ceylon to the International Bank under a Loan Agreement between that Government and that Bank and all sums payable by that Government under any bond or promissory note issued pursuant to such Loan Agreement and held either by that Bank or by any other person shall be paid—

- (a) without deduction for, and free from, any taxes, duties or fees now or hereafter imposed by or under any law of Ceylon, and
- (b) free from all restrictions now or hereafter imposed by or under any law of Ceylon, notwithstanding anything to the contrary in any law of Ceylon :

Provided, however, that the preceding provisions of this sub-section shall not apply to any taxes, duties, fees or restrictions upon payments under any bond or promissory note to a holder thereof other than the International Bank when such bond or promissory note is beneficially owned by an individual or a corporation resident or domiciled in Ceylon.

(2) For the purposes of sub-section (1), the question whether a person or corporation is or is not resident in Ceylon shall be determined in accordance with the provisions of section 33 of the Income Tax Ordinance.

26A. *When a loan from International Bank is deemed to be raised and in what amount of rupees the loan is deemed to be.*—For the purposes of sub-section (1) of section 2, a loan from the International Bank—

- (a) shall be deemed to be raised on the date when the Loan Agreement providing therefor becomes effective in accordance with its terms, and
- (b) shall be deemed to be in such amount of rupees as is equivalent, at the rate of exchange in force on the aforesaid date, to the amount of the loan as expressed in the currency, in which the loan is denominated for the purposes of the aforesaid Loan Agreement.

#### PART IV—General

27. *How determinations, etc., of Government of Ceylon are to be signified.*—Every determination, approval or authorisation made by the Government of Ceylon for the purposes of this Act shall be signified in writing under the hand of the Minister of Finance.

28. *Interpretation.*—In this Act unless the context otherwise requires—

“Ceylon Government Account in London” means the account or accounts in London in which moneys of the Government of Ceylon are for the time being held ;

“holder of any Ceylon Government stock” means any person or, in the case of a joint holding, the persons registered in the books of the Registrar as the holder or holders of any Ceylon Government stock ;

“Minister of Finance” means the Minister of Finance for the time being of Ceylon ;

“Monetary Board” means the Monetary Board of the Central Bank of Ceylon constituted by the Monetary Law Act, No. 58 of 1949 ;

“Registrar” means the Registrar appointed under section 6 ; and

“United Kingdom” means the United Kingdom of Great Britain and Northern Ireland.

#### (ii) MONETARY LAW (AMENDMENT) ACT, No. 33 OF 1954

*An Act to amend the Monetary Law Act No. 58 of 1949.*

Date of Assent : July 8, 1954.

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. *Short title.*—This Act may be cited as the Monetary Law (Amendment) Act, No. 33 of 1954.

2. *Insertion of new section 58A in Act No. 58 of 1949.*—The following new section is hereby inserted immediately after section 58, and shall have effect as section 58A, of the Monetary Law Act, No. 58 of 1949, (hereinafter referred to as “the principal Act”) :—

58A. *Conclusive evidence of imitation of a currency note.*—(1) Where in any proceedings in any court it has to be determined whether a document purporting to be a currency note is an imitation of a currency note, a certificate under the hand of the Governor of the Central Bank or, if the Governor is temporarily absent from duty or temporarily unable to perform his functions and duties, a certificate under the hand of the Deputy Governor for the time being acting as the chief executive officer of the Central Bank, to the effect that

such document is an imitation of a currency note and is not a currency note issued or deemed to be issued by the Central Bank of Ceylon shall be received in those proceedings as conclusive evidence of the fact that such document is an imitation of a currency note.

(2) The Governor or the Deputy Governor of the Central Bank who issues a certificate under this section shall not be examined or cross-examined with respect to that certificate.

(3) Every certificate issued under this section shall be in the following form :—

I, ....., Governor of the Central Bank of Ceylon,\*/Deputy Governor for the time being acting as the chief executive officer of the Central Bank of Ceylon, do hereby certify that I have examined the document marked.....which purports to be a currency note of the denomination ....., bearing number....., and dated....., and that such document is an imitation of a currency note and is not a currency note issued or deemed to be issued by the Central Bank of Ceylon.

Signature : .....

Date : .....

(\*Delete inapplicable words)."

3. *Application of section 58A inserted in the principal Act by this Act.*—Section 58A inserted in the principal Act by section 2 of this Act shall apply—

- (a) to proceedings in respect of all offences whether committed before or after the commencement of this Act, and
- (b) to proceedings pending before or awaiting inquiry or trial in any court on the date of the commencement of this Act.

(iii) NATIONAL HOUSING ACT, No. 37 OF 1954

This Act provides for the establishment of a National Housing Fund, for the promotion of housing and building development by the establishment of building societies and by the declaration of bodies of persons as housing bodies and housing companies, for the grant of assistance by Government for such development and for matters connected therewith.

In terms of Section 6 of the Act the "Minister may from time to time, under the authority of a resolution of the House of Representatives, raise a loan not exceeding such sum as may be specified in the resolution for the purposes of the National Housing Fund. Such loan shall be raised in such manner and on such terms as may be prescribed." The National Housing (No. 2) Regulations 1954 prescribe that every public housing loan shall be raised by the issue of debentures and that every issue of debentures shall be made by the Registrar at the Central Bank. The Regulations further provide that a Sinking Fund shall be established and maintained at the Central Bank by the Monetary Board of the Central Bank. The Monetary Board is empowered to invest the monies for the time being in the Sinking Fund in such stock or other securities as may be approved by the Monetary Board.

(iv) BANK OF CEYLON (AMENDMENT) ACT, No. 42 OF 1954

This Act amends the Bank of Ceylon Ordinance as follows :—

- (a) It enables the Bank to form companies for carrying on any business which it is authorised to carry on under the principal ordinance, and for assisting and developing any business or enhancing the value of any properties of the bank, and to acquire and undertake the business of, purchase any interest in, or acquire or hold shares or stock in any company having objects similar to those for which the bank is authorised to form any company under this amendment.
- (b) The bank hitherto was enjoined to limit the "aggregate amount of advances, loans and other accommodation" to 50 per cent of the total of all deposits. Under the amending Act the aggregate amount is to be computed only of advances and loans.

**B—MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD  
IN 1954**

(i)

Circular No. 4  
Revised 11th June, 1954.

**CENTRAL BANK'S RATES OF INTEREST ON ADVANCES**  
(Reference : Section 86 of the Monetary Law Act)

With effect from 11th June, 1954, the rate of interest on advances by the Central Bank secured by the pledge of Government Securities is 2½% per annum.

D. C. GUNESKERA,  
*Acting Chief Accountant,*  
Central Bank of Ceylon.

N. U. JAYAWARDENA,  
*Governor,*  
Central Bank of Ceylon.

(ii)

**CENTRAL BANK'S EXCHANGE RATES FOR U.S. DOLLARS**

The following exchange rates for the U.S. dollar were applicable to transactions by the Central Bank with commercial banks during 1954 :—

Date	Circular No.		Buying (per \$100)	Selling (per \$100)
24. 2.54	1/50	Spot Forward up to 3 months	Rs. 474.00 Rs. 474.00	Rs. 474.25 Cts. 50 per month premium against spot
31. 8.54	1/51	Spot Forward up to 3 months	Rs. 475.00 Rs. 475.00	Rs. 475.25 Cts. 25 per month premium against spot
23. 9.54	1/52	Spot Forward up to 3 months	Rs. 475.50 Rs. 475.50	Rs. 475.75 Cts. 25 per month premium against spot
27. 9.54	1/53	Spot Forward up to 3 months	Rs. 476.50 Rs. 476.50	Rs. 476.75 Cts. 25 per month premium against spot
12.10.54	1/54	Spot Forward up to 3 months	Rs. 475.75 Rs. 475.75	Rs. 476.00 Cts. 25 per month premium against spot
18.10.54	1/55	Spot Forward up to 3 months	Rs. 476.50 Rs. 476.50	Rs. 476.75 Cts. 25 per month premium against spot
1.11.54	1/56	Spot Forward up to 3 months	Rs. 475.75 Rs. 475.75	Rs. 476.00 Cts. 25 per month premium against spot
24.11.54	1/57	Spot Forward up to 3 months	Rs. 476.75 Rs. 476.75	Rs. 477.00 Cts. 25 per month premium against spot
29.11.54	1/58	Spot Forward up to 3 months	Rs. 477.25 Rs. 477.25	Rs. 477.50 Cts. 25 per month premium against spot
27.12.54	1/59	Spot Forward up to 3 months	Rs. 477.75 Rs. 477.75	Rs. 478.00 Cts. 25 per month premium against spot