

APPENDIX I.

A. MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON IN 1960.

B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD  
IN 1960.

## A—MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON IN 1960

## APPROPRIATION ACT, No. 6 OF 1960

An Act to provide for the service of the Financial Year 1960-61, to authorise the raising of loans in or outside Ceylon for the purpose of such service, to make financial provision in respect of certain activities of the Government during that Financial Year, to enable the Payment by way of advances out of the consolidated fund of Ceylon of moneys required during that financial year for expenditure on such activities, to provide for the refund of such moneys to that consolidated fund, and to make provision for matters connected with or incidental to the aforesaid matters.

(Date of Assent : December 20, 1960)

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 Appropriation Act, No. 6 of 1960.

2. *Appropriation for financial year, 1960-61.*—(1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government, which it is estimated will be rupees one thousand eight hundred and forty-three million five hundred and fifty-nine thousand eight hundred and fifty-four, for the service of the financial year which began on October 1, 1960, and ends on September 30, 1961, shall be met—

- (a) from payments which are hereby authorised to be made out of the Consolidated Fund of Ceylon, or any other fund or moneys of, or at the disposal of, the Government ; and
- (b) from the proceeds of loans which are hereby authorised to be raised, whether in or outside Ceylon, for and on behalf of the Government, so however, that the aggregate of such proceeds do not exceed rupees four hundred and seventy million.

The sum of rupees one thousand eight hundred and forty-three million five hundred and fifty-nine thousand eight hundred and fifty-four hereinbefore referred to may be expended as specified in the First Schedule to this Act.

(2) The provisions of sub-section (1) of this section shall be without prejudice to the provisions of any other written law authorising the raising of loans for and on behalf of the Government.

3. *Financial provision in respect of certain activities of the Government for the financial year, 1960-61.*—(1) The receipts of the Government, during the financial year referred to in section 2, from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, but the aggregate of the receipts so credited shall not exceed the maximum limit specified in the corresponding entry in column III of that Schedule. Any receipts from such activity in excess of such maximum limit shall be credited to the Consolidated Fund of Ceylon.

(2) The expenditure incurred by the Government, during the financial year referred to in section 2, on each activity specified in column I of the Second Schedule to this Act shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in column II of that Schedule.

(3) The debit balance, outstanding at the end of the financial year referred to in section 2, of any activity specified in column I of the Second Schedule to this Act shall not exceed the maximum limit specified in the corresponding entry in column IV of that Schedule, and the total liabilities of that activity at the end of that financial year shall not exceed the maximum limit specified in the corresponding entry in column V of that Schedule.

4. *Payment from, and refund to, the Consolidated Fund, of advances for expenditure on the activities referred to in section 3 during the financial year, 1960-61.*—Whenever, at any time during the financial year referred to in section 2, the receipts of the Government from any activity specified in column I of the Second Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister of Finance may, from time to time, by Order direct that such sums as he may deem necessary to meet such expenditure shall be payable, by way of advances, out of Consolidated Fund of Ceylon, so however that the aggregate of the sums so advanced do not exceed the maximum limit of expenditure specified in the corresponding entry in column II of that Schedule. Any sums so advanced in respect of such activity shall be refunded to that Consolidated Fund in such manner as the Minister of Finance may by Order direct.

5. *Power to transfer unexpended moneys from one vote to another vote under the same head of expenditure.*—Any moneys which, by virtue of the provisions of the First Schedule to this Act, have been allocated to any vote other than votes Nos. 3, 5 and 7 appearing under any head specified in that Schedule but have not been expended and are not likely to be expended may be transferred to any other vote under that head by order of the Secretary to the Treasury or other officer authorised by him.

6. *Power of Minister of Finance to vary the maximum limits specified in the Second Schedule to this Act.*—The Minister of Finance, with the approval of the Government, may by Order vary or alter any of the maximum limits specified in column II, column III, column IV or column V of the Second Schedule to this Act.

7. *Certain expenditure and advances to be deemed to have been incurred and made, respectively, under the authority of this Act and certain moneys to be included in the First Schedule of this Act.*—Notwithstanding anything in the resolution making financial provision for the service of the period which commenced on October 1, 1960, and ended on the day immediately prior to the date of the commencement of this Act passed by the House of Representatives on the twenty-eighth day of September, 1960,—

- (a) any sums which have been expended during that period from moneys allocated by that resolution to any vote appearing under any head specified in the First Schedule to that resolution shall be deemed, for all purposes, not to have been expended under the authority of that resolution but to have been expended under the authority of this Act;
- (b) any moneys so allocated which have not been expended on the day immediately prior to the date of the commencement of this Act shall be deemed, for all purposes, to be included in the moneys allocated to such corresponding vote appearing under such corresponding head ; and
- (c) any sums paid, by way of advances, out of the Consolidated Fund of Ceylon, during that period, in respect of the services specified in the Second Schedule to that resolution shall be deemed, for all purposes, not to have been so advanced under the authority of that resolution but to have been so advanced under the authority of this Act.

#### NOTE—APPROPRIATION ACT OF 1960

“ Prior to 1960 it had been the practice for Appropriation Acts to authorise the payment out of the Consolidated Fund of sums required for Loan Fund expenditure. The Acts provided also that where these advances had not been refunded to the Consolidated Fund out of the proceeds of loans to be raised under any written law, the balance of the advance was chargeable as if it were expenditure out of the Consolidated Fund for the service of a financial year five years later, in addition to any sum that was payable for the service of that financial year. This procedure has been dispensed with in 1960 and the Appropriation Act of 1960 authorised estimated expenditure for the service of the financial year 1960–61 to be met from (a) payments out of the Consolidated Fund or other Government funds ; and (b) from loans to be raised either in or outside Ceylon so that the aggregate proceeds of such loans do not exceed Rs. 470 million. Under the new procedure both current and capital expenditure will be met from current revenue and the proceeds of loans raised within the year.”

A novel feature of the Act is that the different categories of Government activity have been classified under three broad categories—Administration, Social Services and Economic Development.

**B—MAJOR ADMINISTRATIVE MEASURES ADOPTED  
BY THE MONETARY BOARD IN 1960**

(i) Circular No. 9.

Central Bank of Ceylon,  
Colombo.  
12th August, 1960.

CENTRAL BANK'S RATES OF INTEREST ON ADVANCES

*(Ref : Sections 82 and 86 of the Monetary Law Act)*

1. With effect from August 13, 1960, the rate of interest on advances by the Central Bank to commercial banks secured by the pledge of Government securities shall be 4% per annum.

2. With effect from August 13, 1960, the rate of interest on advances by the Central Bank to commercial banks secured by the pledge of usance promissory notes relating to the transactions described hereunder shall be 2½% per annum.

(a) loans granted for the importation, purchase, storage or transportation within Ceylon, of food, textiles, cotton yarn, pharmaceutical products, fertilisers and agricultural implements ;

(b) loans granted for financing the production, manufacture or processing in Ceylon of agricultural, animal, mineral or industrial products ;

(c) loans granted for financing the purchase, storage or transportation within Ceylon of domestically produced goods and products.

3. Circular No. 4 dated December 24th 1959 and Circular No. 8 dated December 16th 1958 are hereby withdrawn.

4. The benefit from the lower rate specified in paragraph 2 should be made available to customers whose usance promissory notes will be pledged with the Central Bank.

S. D. AMERASINGHE,  
Chief Accountant,  
Central Bank of Ceylon.

D. W. RAJAPATIRANA,  
Governor,  
Central Bank of Ceylon.

(ii) Circular No. 10.

Central Bank of Ceylon,  
Colombo.  
12th August, 1960

COMMERCIAL BANKS' RATE OF INTEREST ON ADVANCES

*(Ref : Section 103 of the Monetary Law Act)*

With effect from August 13, 1960, the maximum rates of interest chargeable by commercial banks for the following types of advances shall remain at the rates in force as at 12th August 1960, and in no case shall exceed 6% per annum.

- (a) advances granted for financing the purchase or storage of goods and products (excluding imports) or the transportation within Ceylon of such goods and products ;
- (b) advances granted for financing the production, manufacture or processing in Ceylon of agricultural, animal, mineral or industrial products ;
- (c) advances granted for financing the importation, purchase, sale, transportation and storage of the following categories of imports :—
  - Food ;
  - Textiles ;
  - Cotton yarn ;
  - Pharmaceutical products ;
  - Fertilizers ; and
  - Agricultural implements.

S. D. AMERASINGHE,  
*Chief Accountant,*  
*Central Bank of Ceylon.*

D. W. RAJAPATIRANA,  
*Governor,*  
*Central Bank of Ceylon.*

(iii) Circular No. 11.

Central Bank of Ceylon,  
Colombo.  
12th August, 1960.

COMMERCIAL BANK CREDIT

In view of the continuing decline in Ceylon's external assets in the recent past, the Monetary Board of the Central Bank has decided to adopt monetary measures under the provisions of Part 7 of Chapter V of the Monetary Law Act in order to conserve as far as possible for essential purposes the foreign exchange reserves available to the country.

2. These measures are designed to discourage the importation of certain goods, by—

- (a) an insistence on minimum margin requirements for import letters of credit ;  
and
- (b) a restraint on the expansion of bank credit.

3. The Monetary Board has accordingly made the following orders for compliance by commercial banks .

(A) Margin requirements against Letters of Credit

With effect from August 13, 1960 letters of credit should not be opened by commercial banks for the importation of the goods of the description furnished in Schedule A attached unless such credits are covered by margins deposited in cash with the credit opening banks at the time such credits are opened in the proportions specified against each of the goods in the Schedule referred to.

In the case of existing letters of credit covering the importation of the goods mentioned in Schedule A no increase in the value of such letters of credit should be permitted by banks except on the terms prescribed in the above paragraph.

The Central Bank requests that commercial banks should not grant any advance or advances for the purpose of providing the minimum margins required to be deposited in terms of the above.

(B) Limitation on advances by Commercial Banks

1. With effect from August 13, 1960 commercial banks should not increase the amount of their advances as at the date of this Circular for the following specified purpose, namely, the purpose of financing the importation into Ceylon of any of the goods of the description furnished in Schedule A.

Where overdraft facilities have already been given for the purpose specified above, such facilities will continue until they expire.

2. As from August 13, 1960 advances for the purpose of financing hire purchase operations in respect of the hire of the goods of the description furnished in Schedule B attached should be granted by commercial banks only on the security of a deposit, pledge, mortgage, lien, assignment or hypothecation of hire purchase agreements, resulting from the hire of such goods. Such advances should not exceed either 33 1/3% of the amount due by hirers to owners under such agreements or 25% of the value of goods hired under such agreements whichever is less.

Where overdraft facilities have been given for the purpose referred to above on the security of such hire purchase agreements, banks are requested to make arrangements with their customers in order to ensure that advances under these facilities do not exceed the security margins specified above. In doing so, banks should make due allowance for outstanding cheques of their customers.

Where overdraft facilities have been given for the purpose referred to above other than on the security of such hire purchase agreements as are referred to above, banks should, in enforcing the provisions of sub-paragraph 1 of this paragraph, take into account outstanding cheques of their customers.

3. With effect from August 13, 1960 commercial banks should not increase the amount of their advances for the following specified purpose, namely, the purpose of financing the purchase of any of the goods of the description furnished in Schedule B attached.

S. D. AMERASINGHE,  
*Chief Accountant,*  
*Central Bank of Ceylon.*

D. W. RAJAPATIRANA,  
*Governor,*  
*Central Bank of Ceylon.*

SCHEDULE A

Ceylon Customs Returns Code Reference Number	Goods	Margins
716-12	Air-conditioning equipment .. .. .	50%
112	Alcoholic beverages, excluding beer, ale, stout, porter and other fermented cereal beverages .. .. .	50%
657	Floor coverings and tapestries .. .. .	50%
899-16.01	Fountain pens and parts excluding nibs .. .. .	50%
821	Furniture and fixtures .. .. .	50%
732-01	Motor cars and station waggons .. .. .	50%
641	Paper and paper-board .. .. .	50%
552	Perfumery, cosmetics, soaps, and cleansing and polish- ing preparations .. .. .	50%
861-02	Photographic and cinematographic apparatus and appliances .. .. .	50%
862	Photographic and cinematographic supplies .. .. .	50%
863	Exposed cinematographic films 35 mm. .. .. .	50%
864	Watches .. .. .	50%
92101	Horses .. .. .	50%

SCHEDULE BGoods

Imported air-conditioning equipment.

- „ furniture and fixtures.
- „ motor cars and station waggons.
- „ photographic and cinematographic apparatus and appliances.
- „ photographic and cinematographic supplies.
- „ exposed cinematographic films 35mm.



(iv) **EXTRACT FROM GAZETTE EXTRAORDINARY No. 12,184 OF  
13th AUGUST, 1960**

**MONETARY LAW ACT**

**REGULATION** made by the Monetary Board of the Central Bank of Ceylon under Sections 10(c) and 93 of the Monetary Law Act, No. 58 of 1949.

D. W. RAJAPATIRANA,  
*Governor.*

Colombo, August 12, 1960.

**REGULATION**

Regulation D made by the Monetary Board of the Central Bank of Ceylon and published in Gazette No. 10,143 of August 28, 1950, as amended by Notices published in Gazette No. 10,190 of December 15, 1950, and Gazette No. 10,588 of September 11, 1953, is hereby further amended with effect from August 26, 1960, by the substitution for the words "ten per centum" of the words "twelve per centum".

(v) Circular No. 9/1.

Central Bank of Ceylon,  
Colombo 1.  
August 27, 1960.

CENTRAL BANK'S RATES OF INTEREST ON ADVANCES

*Reference : Circular No. 9 of August 12, 1960.*

Paragraph 2(a) of Circular No. 9 is hereby amended with effect from today by the deletion of the words " agricultural implements " and the substitution of the words " agricultural and industrial implements and machinery and spare parts thereof."

S. D. AMERASINGHE,  
*Chief Accountant,*  
*Central Bank of Ceylon.*

D. W. RAJAPATIRANA,  
*Governor,*  
*Central Bank of Ceylon.*

(vi) Circular No. 10/1.

Central Bank of Ceylon,  
Colombo 1.  
August 27, 1960.

COMMERCIAL BANKS' RATES OF INTEREST ON ADVANCES

*Reference : Circular No. 10 of August 12, 1960.*

Circular No. 10 is hereby amended with effect from today by the deletion of the words " agricultural implements " appearing therein and the substitution of the words " agricultural and industrial implements and machinery and spare parts thereof."

S. D. AMERASINGHE,  
*Chief Accountant,*  
*Central Bank of Ceylon.*

D. W. RAJAPATIRANA,  
*Governor,*  
*Central Bank of Ceylon.*

(vii) Circular No. 11/1.

Central Bank of Ceylon,  
Colombo 1.  
August 27, 1960.

COMMERCIAL BANK CREDIT

*Reference : Our Circular No. 11 of August 12, 1960.*

Commercial banks are requested to delete, with effect from today, the item "paper and paper-board" appearing in Schedule "A" of Circular No. 11 of August 12, 1960.

S. D. AMERASINGHE,  
*Chief Accountant,*  
*Central Bank of Ceylon.*

D. W. RAJAPATIRANA,  
*Governor,*  
*Central Bank of Ceylon.*

(viii) Circular No. 11/2.

Central Bank of Ceylon,  
P. O. Box No. 590,  
Colombo 1.  
November 7, 1960.

COMMERCIAL BANK CREDIT

With effect from November 8, 1960, the maximum amount of facilities which commercial banks may grant to importers of the goods specified in Schedule ' A ' of our Circular No. 11 of August 12, 1960, for the release of documents against Trust Receipts to take deliveries of such goods should not exceed 25% of the C.I.F. value of such goods.

S. D. AMERASINGHE,  
*Chief Accountant,*  
*Central Bank of Ceylon.*

W. TENNEKOON,  
*Deputy Governor,*  
*Central Bank of Ceylon.*

## (ix) CENTRAL BANK'S EXCHANGE RATES FOR U.S. DOLLARS

Date	Circular No.		Buying (per \$100)	Selling (per \$100)
5. 1.60	1/127	Spot	Rs. 474.75	Rs. 475.00
		Forward upto three months	Cts. 25 per month discount against spot	Rs. 475.00
18. 1.60	1/128	Spot	Rs. 475.25	Rs. 475.50
		Forward upto three months	Cts. 25 per month discount against spot	Rs. 475.50
25. 1.60	1/129	Spot	Rs. 474.75	Rs. 475.00
		Forward upto three months	Cts. 25 per month discount against spot	Rs. 475.00
8. 2.60	1/130	Spot	Rs. 474.50	Rs. 474.75
		Forward upto three months	Rs. 474.50	Cts. 25 per month premium against spot
17. 2.60	1/131	Spot	Rs. 474.25	Rs. 474.50
		Forward upto three months	Rs. 474.25	Cts. 25 per month premium against spot
8. 4.60	1/132	Spot	Rs. 473.85	Rs. 474.10
		Forward upto three months	Rs. 473.85	Cts. 25 per month premium against spot
29. 4.60	1/133	Spot	Rs. 474.00	Rs. 474.25
		Forward upto three months	Rs. 474.00	Cts. 25 per month premium against spot
13. 5.60	1/134	Spot	Rs. 474.25	Rs. 474.50
		Forward upto three months	Rs. 474.25	Cts. 25 per month premium against spot
18. 5.60	1/135	Spot	Rs. 474.75	Rs. 475.00
		Forward upto three months	Rs. 474.75	Cts. 25 per month premium against spot
1. 6.60	1/136	Spot	Rs. 475.25	Rs. 475.50
		Forward upto three months	Rs. 475.25	Cts. 25 per month premium against spot
3. 6.60	1/137	Spot	Rs. 475.75	Rs. 476.00
		Forward upto three months	Rs. 475.75	Cts. 25 per month premium against spot
14. 6.60	1/138	Spot	Rs. 475.50	Rs. 475.75
		Forward upto three months	Rs. 475.50	Cts. 25 per month premium against spot
24. 6.60	1/139	Spot	Rs. 475.00	Rs. 475.25
		Forward upto three months	Rs. 475.00	Cts. 25 per month premium against spot
5. 7.60	1/140	Spot	Rs. 474.75	Rs. 475.00
		Forward upto three months	Rs. 474.75	Cts. 25 per month premium against spot
5. 8.60	1/141	Spot	Rs. 474.50	Rs. 474.75
		Forward upto three months	Rs. 474.50	Cts. 25 per month premium against spot
12. 8.60	1/142	Spot	Rs. 474.25	Rs. 474.50
		Forward upto three months	Rs. 474.25	Cts. 25 per month premium against spot

Date	Circular No.		Buying (per \$100)	Selling (per \$100)
14. 9.60	1/143	Spot Forward upto three months	Rs. 474 .00 Rs. 474 .00	Rs. 474 .25 Cts. 25 per month premium against spot
19. 9.60	1/144	Spot Forward upto three months	Rs. 473 .85 Rs. 473 .85	Rs. 474 .10 Cts. 25 per month premium against spot
27. 9.60	1/145	Spot Forward upto three months	Rs. 474 .50 Rs. 474 .50	Rs. 474 .75 Cts. 25 per month premium against spot
3.10.60	1/146	Spot Forward upto three months	Rs. 474 .00 Rs. 474 .00	Rs. 474 .25 Cts. 25 per month premium against spot
6.10.60	1/147	Spot Forward upto three months	Rs. 474 .25 Rs. 474 .25	Rs. 474 .50 Cts. 25 per month premium against spot
13.10.60	1/148	Spot Forward upto three months	Rs. 474 .50 Rs. 474 .50	Rs. 474 .75 Cts. 25 per month premium against spot
24.10.60	1/149	Spot Forward upto three months	Rs. 474 .00 Rs. 474 .00	Rs. 474 .25 Cts. 25 per month premium against spot
1.11.60	1/150	Spot Forward upto three months	Rs. 473 .85 Rs. 473 .85	Rs. 474 .10 Cts. 25 per month premium against spot
2.12.60	1/151	Spot Forward upto three months	Rs. 474 .00 Rs. 474 .00	Rs. 474 .25 Cts. 25 per month premium against spot
14.12.60	1/152	Spot Forward upto three months	Rs. 474 .50 Rs. 474 .50	Rs. 474 .75 Cts. 25 per month premium against spot