

APPENDIX I

- A. EXTRACTS OF MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON
IN 1963 WHICH RELATE TO THE FUNCTIONS AND OPERATIONS OF THE
CENTRAL BANK AND BANKING INSTITUTIONS.**

- B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD
IN 1963.**

(i)

**A. Extracts of Major Legal Enactments of the Parliament of Ceylon in 1963
which relate to the Functions and Operations of the Central Bank
and Banking Institutions**

(i) Foreign Loans (Amendment) Act No. 1 of 1963

Section 5 of the Foreign Loans Act, No. 29 of 1957, was amended by Section 2 of the Foreign Loans (Amendment) Act, No. 2 of 1962. As so amended the expression "foreign loan" means "a loan in any currency granted by a foreign Government or the agency of a foreign Government or by any international organisation or such body of persons outside Ceylon as may be approved by the Government of Ceylon".

Further amendments have been effected to the principal Act, No. 29 of 1957, by Act, No. 1 of 1963. Apart from consequential amendments by reason of the amendments effected by Act, No. 2 of 1962, the significant amendments now made are as follows:—

- (1) A new section 4A is inserted which makes the provisions of Part IV of the Bills of Exchange Ordinance applicable to any promissory note executed by the Government of Ceylon in pursuance of an agreement relating to a foreign loan.
- (2) Section 5 of the principal Act is further amended. The effect of this amendment is that any sum which the Government of Ceylon undertakes by an agreement to pay any agency of a foreign Government or international organisation or a body of persons outside Ceylon, which discharges any liability of the Government of Ceylon in respect of a transaction between such government and any person outside Ceylon will be included in the definition of "foreign loan".

(ii) Appropriation Act, No. 7 of 1963

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1963-64, 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 OR ANY OTHER FUND OR MONEYS OF, OR AT THE DISPOSAL OF, THE GOVERNMENT, 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.

1. This Act may be cited as the Appropriation Act, No. 7 of 1963.

2. (1) Without prejudice to any other law authorising any expenditure, the expenditure of the Government, which it is estimated will be rupees two thousand and seventy-nine million four hundred and eighty-six thousand eight hundred and thirty-five for the service of the financial year beginning on October 1, 1963, and ending on September 30, 1964, shall be met—

(ii)

- (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 does not exceed rupees six hundred million.

The sum of rupees two thousand and seventy-nine million four hundred and eighty-six thousand eight hundred and thirty-five 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 have effect without prejudice to the provisions of any other written law authorising the raising of loans for and on behalf of the Government.

3. (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. 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 the Consolidated Fund of Ceylon, or any other fund or moneys of, or at the disposal of, the Government, so however, that the aggregate of the sums so advanced does 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. 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 votes under that head by order of the Secretary to the Treasury or other officer authorised by him.

6. 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. Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of the making of such Order as may be specified therein.

7. The House of Representative may, by resolution, amend the Second Schedule to this Act, by adding to the appropriate columns of that Schedule, any activity and all or any of the maximum limits relating to such activity.

Note on the Schedules

The First Schedule to this Act gives a break-down of the sums payable for general service for the Financial Year beginning 1st October, 1963 and ending 30th September, 1964, estimated at Rupees two thousand and seventy-nine million four hundred and eighty-six thousand eight hundred and thirty-five under various heads of general services.

The Second Schedule of this Act deals with the activities of the Government under various departmental heads and specifies the maximum limits of expenditure, the maximum limits of receipts to be credited to the accounts of activities of Government, maximum limits of debit balances of activities of Government, and the maximum limits of liabilities of the activities of Government under each separate head.

(iii) Finance Act, No. 11 of 1963

An Act to enact the provisions of Law necessary to give Legal Force to Certain Proposals, Financial and otherwise, for the Financial Year commencing on October, 1963

Part II

Imposition, Levy and Recovery of the Exchange Tax

27. This Part of this Act shall come into operation on the appointed date.

28. On or after the appointed date, every sale of foreign currency in Ceylon by a competent authority to any person for any taxable purpose shall be liable to the imposition, levy and payment of the exchange tax.

29. (1) The Minister may, from time to time, by Order impose and levy a tax (in this Part of this Act referred to as the "exchange tax") on every sale of foreign currency in Ceylon by a competent authority to any person for any such taxable purpose as shall be specified in the Order. The Minister may, from time to time, by a like Order increase or reduce the rate of such tax on any such sale.

(2) The rate of the exchange tax on any sale referred to in section 28 may be determined by reference to the taxable purpose of such sale, and accordingly such tax may be imposed and levied at different rates in respect of such sales for different taxable purposes.

(3) Any Order made by the Minister under the preceding provisions of this section is in this Part of this Act referred to as an "exchange tax Order".

(4) An exchange tax Order shall come into force on such date as may be specified in the Order or, if no date is so specified, on the date on which it is made by the Minister.

(5) A sale referred to in section 28 in respect of which there is an exchange tax Order for the time being in force is in this Part of this Act referred to as a "foreign currency sale subject to tax".

(6) An exchange tax Order in respect of any foreign currency sale subject to tax shall remain in force until it is revoked by an Order of revocation, or is deemed to be revoked by virtue of the operation of the provisions of sub-section (9), and applicable to such sale. Such exchange tax Order shall so remain in force subject to the provisions of any subsequent exchange tax Order in respect of such sale made by the Minister increasing or reducing the rate of the exchange tax specified in such first-mentioned exchange tax Order.

(7) Every exchange tax Order shall be published in the *Gazette*.

(8) Every exchange tax Order shall be brought before the House of Representatives, within a period of two months from the date of the publication of such Order in the *Gazette*, by a motion that such Order shall be approved. There shall be set out in a schedule to such motion the text of such Order.

(9) Any exchange tax Order which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked, but without prejudice to the validity of anything previously done thereunder. Notification of the date on which such Order is deemed to be revoked shall be published in the *Gazette*.

(10) The effect of the revocation of an exchange tax Order by virtue of the operation of the provisions of sub-section (9) shall,—

(a) in so far as such Order purported to impose and levy exchange tax on any sale of foreign currency which was not a foreign currency sale subject to tax on the day immediately prior to the date on which such Order came into force, be to abolish, with effect from the date of such revocation, such tax on such sale; or

(b) in so far as such Order purported to increase or reduce the rate of exchange tax on any foreign currency sale subject to tax on the day referred to in paragraph (a) of this sub-section, be to revive, with effect from the date of such revocation, the exchange tax at that rate on such sale, and accordingly for the purpose of such revival the exchange tax Order which was the subject matter of the exchange tax Order so revoked shall be deemed, with effect from that date, to continue in force, subject however to the other provisions of this Part of this Act.

(11) For the purpose of the computation of the period of two months referred to in sub-section (8), no account shall be taken of days on which the House of Representatives is not in session.

30. (1) The Minister may, from time to time, by Order revoke an exchange tax Order for the time being in force (in this Part of this Act referred to as an "Order of revocation") in respect of any foreign currency sale subject to tax. Such Order of revocation shall come into force on such date as may be specified in such Order or, if no date is so specified, on the date on which it is made by the Minister. Every such Order of revocation shall be published in the *Gazette*. The effect of such Order of revocation shall be, subject to the other provisions of this section, to abolish the exchange tax on such sale imposed by that exchange tax Order.

(2) Every Order of revocation shall be brought before the House of Representatives, within a period of one month from the date of the publication of such Order in the *Gazette*, by a motion that such Order shall be approved. There shall be set out in a schedule to such motion the text of such Order.

(v)

(3) Any Order of revocation which the House of Representatives refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked, but without prejudice to anything previously done thereunder. Notification of such date shall be published in the *Gazette*.

(4) Where any Order of revocation in respect of any exchange tax Order is itself revoked by virtue of the operation of the provisions of sub-section (3), that exchange tax Order shall, with effect from the date of such revocation under the said sub-section (3), be deemed to continue in force subject to the other provisions of this Part of this Act, and accordingly the exchange tax imposed and levied under that exchange tax Order on the day immediately prior to the date on which such Order of revocation came into force shall, so long as that exchange tax Order remains in force, continue to be imposed and levied with effect from the date of such revocation under the said sub-section (3).

(5) For the purpose of the computation of the period of one month referred to in sub-section (2), no account shall be taken of days on which the House of Representatives is not in session.

31. The exchange tax on any foreign currency sale subject to tax shall be payable by the person to whom such sale is effected, and shall be so payable by such person before such sale to the competent authority by whom such sale is to be so effected.

32. (1) Before any foreign currency sale subject to tax is effected by a competent authority to any person, the exchange tax on such sale shall be collected from such person by that authority in the prescribed manner for and on behalf of the Central Bank.

(2) Any exchange tax collected by a competent authority shall be retained by that authority for and on behalf of the Central Bank pending its payment to that Bank under this Part of this Act.

(3) Where the exchange tax due from any person on any foreign currency sale subject to tax is not collected by the competent authority by whom such sale was effected, such tax may be recovered from that authority in like manner as a debt due to the Crown.

33. (1) Any exchange tax collected by any competent authority under this Part of this Act shall, within the prescribed period after the date of such collection, be paid in the prescribed manner to the Central Bank.

(2) Where any person who has paid the exchange tax on any foreign currency sold to him, returns the whole or any portion of such currency to the Central Bank or any competent authority, such person shall be entitled to a refund from the Consolidated Fund of the whole amount, or a proportionate amount, as the case may be, of the tax so paid by him.

34. Where the exchange tax on any foreign currency sale subject to tax which is due from any person is not paid to the Central Bank, in accordance with the provisions of this Part of this Act, by the competent authority whose duty it was to collect such tax, the Central Bank may, in its discretion, order that a sum not exceeding ten *per centum* of the amount of such tax shall be added to such tax and recovered therewith. Any sum so added to such tax shall be deemed to constitute a part of such tax.

35. Any foreign currency sold in Ceylon by any competent authority to any person shall, for the purposes of this Part of this Act, be presumed until the contrary is proved to have been so sold for any taxable purpose.

36. The amount of all exchange tax paid to, or recovered by, the Central Bank under this Part of this Act shall be credited to the Consolidated Fund.

37. The Central Bank may, from time to time, direct any competent authority to furnish to that Bank, within such period as shall be specified in such direction, all such information or returns relating to his dealings in foreign currency as that Bank may require for the purposes of this Part of this Act, and it shall be the duty of such authority to comply with that direction within that period.

38. For the purpose of verifying the correctness of any information or return furnished by any competent authority in pursuance of the provisions of this Part of this Act, or for the purpose of securing compliance with such provisions or any directions issued by the Central Bank under such provisions, any officer of that Bank authorized in that behalf by the Bank may—

- (a) enter any premises used by such authority for the purposes of his business; and
- (b) inspect and take copies of any such documents or records as are kept by such authority in relation to his dealings in foreign currency.

39. Any person—

- (a) who contravenes or fails to comply with any of the provisions of this Part of this Act or any directions issued by the Central Bank thereunder; or
- (b) who furnishes any false information or false return to, or obstructs, the Central Bank or any person exercising, performing or discharging any power, duty or function of that Bank; or
- (c) to or by whom any foreign currency sale subject to tax is effected before the prior payment of the exchange tax on such sale in contravention of the provisions of this Part of this Act,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

40. No prosecution for an offence under this Part of this Act shall be instituted except by, or with the written sanction of, the Central Bank.

41. The powers, duties and functions of the Central Bank under this Part of this Act shall vest in the Monetary Board, and accordingly any such power, duty or function may be exercised, performed and discharged by the Monetary Board.

42. Any power, duty or function of the Central Bank under this Part of this Act which is vested in the Monetary Board by section 41, other than the power to sanction a prosecution under section 40, and to compound an offence under section 44, may be exercised, performed or discharged on its behalf by any officer of that Bank acting under the general or special directions of the Governor of the Central Bank.

43. (1) The Central Bank may issue directions for the purpose of carrying out or giving effect to the principles and provisions of this Part of this Act.

(2) In particular but without prejudice to the generality of the powers conferred by sub-section (1) of this section, the Central Bank may issue directions for or in respect of all or any of the following matters:—

- (a) any matter stated or required by this Part of this Act to be prescribed or for which directions are authorized by this Part of this Act to be issued;
- (b) any matter relating to the mode of the levy, payment and recovery of the exchange tax in respect of which the provisions of this Part of this Act need to be supplemented; and
- (c) any matter connected with or incidental to any of the aforesaid matters.

44. The Central Bank may accept from any person who is reasonably suspected of having committed an offence under this Part of this Act, by way of composition for the offence which may have been committed, either such sum of money, not exceeding one thousand rupees, as may be specified in the notice sent by post or otherwise delivered to such person by that Bank if the sum so specified is tendered by such person before the expiry of fourteen days after the date of such notice, or the sum so specified and such additional amount, not exceeding ten *per centum* of the sum so specified, as may be determined by that Bank, if the sum so specified and the additional amount so determined are tendered by such person before the expiry of twenty-eight days after the date of such notice. Any sum so accepted by the Central Bank by way of composition of such offence shall be credited by that Bank to the account referred to in section 36.

45. In this Part of this Act, unless the context otherwise requires,—
“Central Bank” means the Central Bank of Ceylon established under the Monetary Law Act;

“competent authority” means any authorized dealer within the meaning of the Exchange Control Act, or any other person, for the time being, authorized by or under that Act to sell foreign currency;

“Foreign currency” has the same meaning as in the Exchange Control Act;

“Minister” means the Minister to whom the subject or function of finance is assigned by the Prime Minister under section 46 of the Ceylon (Constitution) Order in Council, 1946;

“Monetary Board” means the Monetary Board of the Central Bank established under the Monetary Law Act;

“sale”, in relation to foreign currency, means to sell such currency, and includes the sale or issue to any person of any ticket for travel abroad, by air, sea, or railway, whether or not such person pays or is to pay for such ticket, and the expression “foreign currency sale subject to tax” shall be construed accordingly; and

“taxable purpose”, in relation to the sale of foreign currency, means any purpose, other than the importation of goods.

46. The provisions of this Part of this Act shall be in addition to and not in derogation of the provisions of the Exchange Control Act, and accordingly nothing in the provisions of this Part of this Act shall be deemed or construed to authorize any competent authority to sell any foreign currency for any purpose unless such authority is authorized to do so by or under the Exchange Control Act.

Part III

Amendments to the Pawnbrokers Ordinance, Money Lending Ordinance, Marriage Registration Ordinance, Insurance Corporation Act, No. 2 of 1961, and Registration of Documents Ordinance

47. (1) The Pawnbrokers Ordinance is hereby amended as follows:—

- (a) by the insertion in Part II of that Ordinance, immediately before section 3 of that Ordinance, of the following new section which shall have effect as section 2A of that Ordinance:—

2A. On or after the first day of January, 1964, no person shall carry on the business of a pawnbroker if such person—

- (i) is an individual who is not a citizen of Ceylon; or
- (ii) is a foreign company; or
- (iii) is a foreign firm,

and accordingly any licence to carry on such business which was issued to any such individual, foreign company or foreign firm and was in force on the day immediately prior to the said first day of January shall, on and after the said first day of January, be deemed, for all purposes, to be null and void;

- (b) by the repeal of section 7 of that Ordinance (replaced by Act No. 55 of 1956) and the substitution therefor of the following new section:—

7. On or after the first day of January, 1964, no licence for carrying on the business of a pawnbroker shall be issued to any person who is prohibited from carrying on such business by virtue of the operation of the provisions of section 2A, and accordingly any such licence issued to any such person, whether by inadvertence or otherwise, shall be deemed, for all purposes, to be null and void;

- (c) by the insertion, immediately after section 46B of that Ordinance (inserted by Act No. 55 of 1956), of the following new section:—

46C. For the purposes of the issue to any person of any licence for carrying on the business of a pawnbroker, or of any prosecution instituted against any person for any offence under this Ordinance, the burden of proving that such person is a citizen of Ceylon, or is not a foreign company or foreign firm, shall lie on such person; and

- (d) in section 47 of that Ordinance by the insertion, immediately after the definition of,—

- (i) “appointed date”, of the new definition:—
““citizen of Ceylon” means any individual who is a citizen of Ceylon under any law for the time being in force relating to such citizenship;” and
- (ii) “district”, of the following new definitions:—
““foreign company” means a company to which Part XI of the Companies Ordinance applies;
“foreign firm” means a firm—

(ix)

- (a) consisting of two partners one of whom is not a citizen of Ceylon, or both of whom are not such citizens; or
- (b) consisting of more than two partners at least one of whom is not a citizen of Ceylon;’.

(2) Where any person was, on the thirty-first day of December, 1963, carrying on business as a pawnbroker under the authority of a licence issued to him under the Pawnbrokers Ordinance but is prohibited from carrying on such business after that day by virtue of the operation of that Ordinance as amended by sub-section (1) of this section, then, notwithstanding anything in that Ordinance as so amended, any right, liability, action, proceeding or thing, acquired or incurred or pending by or against such person on or before that day in his capacity as such pawnbroker may, after that day, be enforced or carried on or completed as though such person was not so prohibited from carrying on such business.

48. (1) The Money Lending Ordinance is hereby amended as follows:—

- (a) in the long title of that Ordinance, by the substitution, for the expression “Money-Lending Transactions.”, of the expression “Money-Lending Transactions, and the Prohibition of the carrying on of the Business of Money-Lending by Certain Persons.”;
- (b) by the insertion, immediately after section 1 of that Ordinance, of the following new sections which shall have effect as section 1A and section 1B of that Ordinance:—

1A. (1) On or after the first day of January, 1964, no person shall carry on the business of money lending if such person—

- (a) is an individual who is not a citizen of Ceylon; or
- (b) is a foreign company; or
- (c) is a foreign firm:

Provided, however, that the preceding provisions of this sub-section shall not apply to any foreign firm or foreign company approved for the purpose of this sub-section by the Minister of Finance by Order published in the *Gazette*.

(2) Any person who contravenes the provisions of sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

(3) In any prosecution of any person for an offence under this section, the burden of proving that such person is a citizen of Ceylon, or is not a foreign company or foreign firm, shall lie on such person.

(4) In this section,—

- (a) “citizen of Ceylon” means any individual who is a citizen of Ceylon under any law for the time being in force relating to such citizenship;
- (b) “foreign company” to which Part XI of the Companies Ordinance applies, other than any commercial bank within the meaning of the Monetary Law Act or any life insurance company; and

(c) "foreign firm" means a firm—

- (i) consisting of two partners one of whom is not a citizen of Ceylon, or both of whom are not such citizens; or
- (ii) consisting of more than two partners at least one of whom is not a citizen of Ceylon.

1B. No suit or other proceedings shall be instituted or maintained in any court in respect of any money lent if such money was lent on or after the first day of January, 1964, by any person carrying on the business of money lending in contravention of the provisions of sub-section (1) of section 1A'.

(2) Where any person was, on the thirty-first day of December, 1963, carrying on the business of money lending but is prohibited from carrying on such business after that day by virtue of the operation of the Money Lending Ordinance as amended by sub-section (1) of this section, then, notwithstanding anything in that Ordinance as so amended, any right, liability, action, proceeding or thing, acquired or incurred or pending by or against such person on or before that day in his capacity as such money lender may, after that day, be enforced or carried on or completed as though such person was not so prohibited from carrying on such business.

49. (1) The Marriage Registration Ordinance is hereby amended as follows:—

(a) in section 34 of that Ordinance,—

- (i) by the substitution in sub-section (5) of that section, for the expression "was solemnized.", of the expression "was solemnized together with stamps of a value equal to the amount of the fee payable to such Registrar for the registration of such marriage.",
- (ii) by the substitution in sub-section (6) of that section, for the expression "duplicate statement.", of the expression "duplicate statement together with stamps equal in value to the amount of the fee payable to such Registrar for the registration of the marriage.", and
- (iii) by the insertion, at the end of that section of the following new sub-section:—

"(8) A Minister shall refuse to solemnize a marriage until the parties thereto have paid to him, for transmission to the District Registrar, the fee payable to such Registrar for the registration of the marriage.";

- (b) in section 62 of that Ordinance, by the substitution in sub-section (1) of that section, for the expression "The fees enumerated", of the expression "Subject to the provisions of section 34, the fees enumeraed"; and
- (c) in the Second Schedule to that Ordinance, by the insertion, at the end of that Schedule, of the following new item the particulars of which shall be so inserted in the appropriate columns of that Schedule:—

"Do Registration of marriage solemnized in a registered place of public worship	do	1.50."
---	----	--------

(2) The amendments made in the Marriage Registration Ordinance by sub-section (1) of this section shall come into operation on the first day of January, 1964.

50. (1) The Insurance Corporation Act, No. 2 of 1961, is hereby amended as follows:—

- (a) in section 7 of that Act, by the substitution, in sub-section (3) of that section, for the words “any new business of life”, of the words “any business of”;
- (b) by the repeal of section 10 of that Act and the substitution therefor of the following new section:—

10. (1) On or after the first day of January, 1964, notwithstanding anything in any other law—

- (a) the Corporation shall be the sole insurer authorized to transact new business of any class of insurance whatsoever and to issue policies of insurance, in Ceylon; and
- (b) no other insurer shall transact any new business of insurance whatsoever, or issue any new policy of insurance, or renew any policy of general insurance, in Ceylon.

(2) Every policy of insurance issued or every policy of general insurance renewed on or after the first day of January, 1964, by any insurer other than the Corporation shall be deemed to be invalid and accordingly shall be of no force or effect in law.

(3) No policy of general insurance entered into by or with any insurer other than the Corporation shall be valid or effective beyond such date in the year 1964 as is the expiry date of such policy, or, where the expiry date of such policy is a date beyond December 31, 1964 after December 31, 1964.

(4) No insurer shall be entitled to compensation for any loss incurred by him, whether directly or indirectly, by reason of the fact that he is unable to transact any new business of insurance, or to issue any new policy of insurance, or to renew any policy of general insurance, by virtue of paragraph (b) of sub-section (1).”;

- (c) by the repeal of section 15 of that Act;
- (d) in section 17 of that Act, by the substitution in sub-section (1) of that section, for the word “ten”, of the word “twenty”;
- (e) in section 20 of that Act, by the substitution, for the words “and the reinsurance business,”, of the words “and any other class of insurance business,”;
- (f) in section 26 of that Act by the omission of the words “and its reinsurance business”; and
- (g) by the insertion, immediately after section 33 of that Act, of the following new sections which shall have effect as section 33A and section 33B of that Act:—

33A. All liabilities of the Corporation arising out of policies of insurance issued by or taken over by the Corporation, including in the case of life insurance policies the bonuses declared and payable by the Corporation, shall be guaranteed by the Government of Ceylon.

33B. The Minister shall take steps to offer employment in the Corporation to persons who have been employed under insurers in Ceylon on July 31, 1963, and who have lost their employment due to retrenchment effected by such insurers by reason of such insurers not being able to transact any new business of general insurance on and after January 1, 1964.”.

(2) The amendments made in the Insurance Corporation Act, No. 2 of 1961, by sub-section (1) of this section shall come into operation on the first day of January, 1964.

51. The First Schedule to the Registration of Documents Ordinance is hereby amended, in Part III of that Schedule, as follows:—

- (a) in item 1, by the substitution, in paragraph (a) of that item, for the figures “1.0”, of the figures “2.0”; and
- (b) in item 3, by the substitution, for the figures “0.50”, of the figures “1.0”.

Part IV

Amendments to the Estate Duty Ordinance

52. The provisions of this Part of this Act shall come into operation on the appointed date.

53. Section 5 of the Estate Duty Ordinance (hereinafter in this Part of this Act referred to as the “principal enactment”), as amended by Act No. 15 of 1959, is hereby further amended in sub-section (1) of that section as follows:—

- (1) by the substitution, in paragraph (v) of the sub-section, for the words “or any subsequent date,”, of the words and figures “and not later than the thirty-first day of July, 1963,”; and
- (2) by the addition, immediately after paragraph (v) of that sub-section, of the following paragraph:—

“(vi) where the date of his death is the first day of August, 1963, or any subsequent date, be computed in accordance with the provisions of this Ordinance—

- (a) if the value of his total estate does not exceed the value of his Ceylon estate, at the rates shown in column II of Part VI of the Schedule, each such rate being applicable to such portion of the value of the estate as is shown in the corresponding entry in column I of that Part, and
- (b) if the value of his total estate exceeds the value of his Ceylon estate, at a rate equal to the percentage which the amount that would be estate duty on his total estate, if his total estate were entirely his Ceylon estate, bears to the value of his total estate.”.

54. The Schedule to the principal enactment, as last amended by Act No. 15 of 1959, is hereby amended by the addition, at the end of that Schedule, of the following new Part:—

"Part VI

<i>I</i>				<i>II</i> <i>Rate</i> <i>per cent</i>
On the first Rs. 20,000 of the value of the estate	..	..	..	Nil
On the next Rs. 30,000 of the value of the estate	..	..	..	5
On the next Rs. 30,000 of the value of the estate	..	..	..	7½
On the next Rs. 30,000 of the value of the estate	..	..	..	10
On the next Rs. 40,000 of the value of the estate	..	..	..	13
On the next Rs. 50,000 of the value of the estate	..	..	..	14
On the next Rs. 100,000 of the value of the estate	..	..	..	16
On the next Rs. 100,000 of the value of the estate	..	..	..	18
On the next Rs. 100,000 of the value of the estate	..	..	..	24
On the next Rs. 100,000 of the value of the estate	..	..	..	30
On the next Rs. 125,000 of the value of the estate	..	..	..	32
On the next Rs. 125,000 of the value of the estate	..	..	..	36
On the next Rs. 200,000 of the value of the estate	..	..	..	42
On the next Rs. 350,000 of the value of the estate	..	..	..	48
On the next Rs. 500,000 of the value of the estate	..	..	..	55
On the next Rs. 600,000 of the value of the estate	..	..	..	60
On the balance	..	..	..	70"

*Part V***Amendments to the Inland Revenue Act, No. 4 of 1963**

55. The provisions of this Part of this Act shall come into operation on the appointed date.

56. (1) Section 39 of the Inland Revenue Act, No. 4 of 1963, (hereinafter referred to as the "principal Act"), is hereby amended by the substitution, for sub-section (1) of that section, of the following sub-section:—

"(1) Subject to the other provisions of this Chapter, there shall be charged from every individual, other than an individual referred to in section 28, a tax which is hereinafter in this Act referred to as the "gifts tax" in respect of the taxable gifts made by such individual—

- (a) at the rate or rates specified in the Fourth Schedule to this Act, for the year of assessment commencing on April 1, 1963;
- (b) at the rate or rates specified in the Fifth Schedule to this Act, for the year of assessment commencing on April 1, 1964; and
- (c) at the rate or rates specified in the Sixth Schedule to this Act, for every year of assessment commencing on or after April 1, 1965."

(2) Section 42 of the principal Act is hereby amended as follows:—

- (a) in sub-section (2) of that section, by the substitution, for the words "shall be computed.", of the words "shall be computed by the application of the appropriate rates of gifts tax."; and
- (b) by the addition at the end of that section, of the following new sub-section:—

“(3) In the computation of the gifts tax payable by any individual for any year of assessment the rate or rates of gifts tax which shall be applicable in respect of the gifts made in the year preceding that year of assessment shall be the rate or rates which would have been applicable if those gifts and the gifts made previously by that individual had been aggregated for that year of assessment.”.

57. The following new Schedules are hereby added immediately after the Fourth Schedule to the principal Act and shall have effect as the Fifth and Sixth Schedules to the principal Act:—

“Fifth Schedule

Part I

For gifts made during the period commencing on April 1, 1963, and ending on July 31, 1963, the gifts tax shall be at the same rate or rates specified in the Fourth Schedule.

Part II

*For gifts made during the period commencing on August 1, 1963,
and ending on March 31, 1964—*

*Rates of gifts
tax*

On the first Rs. 50,000 of the value of all taxable gifts	5 per centum
On the next Rs. 25,000 of the value of all taxable gifts	10 per centum
On the next Rs. 25,000 of the value of all taxable gifts	12 per centum
On the next Rs. 40,000 of the value of all taxable gifts	15 per centum
On the next Rs. 40,000 of the value of all taxable gifts	16 per centum
On the next Rs. 80,000 of the value of all taxable gifts	22 per centum
On the next Rs. 80,000 of the value of all taxable gifts	24 per centum
On the next Rs. 80,000 of the value of all taxable gifts	30 per centum
On the next Rs. 80,000 of the value of all taxable gifts	36 per centum
On the next Rs. 80,000 of the value of all taxable gifts	42 per centum
On the next Rs. 80,000 of the value of all taxable gifts	54 per centum
On the next Rs. 80,000 of the value of all taxable gifts	60 per centum
On the next Rs. 250,000 of the value of all taxable gifts	72 per centum
On the next Rs. 450,000 of the value of all taxable gifts	96 per centum
On the balance of the value of all taxable gifts	100 per centum

Sixth Schedule

For gifts made during the year preceding any year of assessment commencing on or after April 1, 1965, the gifts tax shall be at the same rate or rates specified in Part II of the Fifth Schedule.

Part VI

Imposition of tax on transfers of property under certain conditions

58. (1) Subject to the provisions of sub-section (4), where there is a transfer of ownership of any property in Ceylon to a person who is not a citizen of Ceylon, there shall be charged from the transferee of such property a tax of such amount as in equivalent to the value of that property.

(2) The tax referred to in sub-section (1) is hereinafter referred to as "the tax".

(3) A person liable to the tax shall pay the tax—

- (a) if the property consists of land, to the Registrar of Lands of the district, in which the land transferred is situated, before the instrument by which the transfer of that land was effected is presented for registration in accordance with the provisions of the Registration of Documents Ordinance, and
- (b) if the property consists of any shares in any company, to the company before the transfer relating to the shares in respect of which the tax is payable is registered in the registers maintained by that company for the purposes of transfer of shares.

(4) The preceding provisions of this section shall not apply to—

- (a) the transfer of any land or shares to any commercial bank (within the meaning of the Monetary Law Act) or body of persons carrying on the business of insurance which is not a citizen of Ceylon arising out of the sale of such land or shares to such bank or body of persons in execution of a decree of court to enforce the mortgage of such land or shares whether before or after the date of operation of this Part of this Act, as security for a loan or advance given by such bank or body of persons;
- (b) the sale of any land to any person who is not a citizen of Ceylon if it is proved to the satisfaction of the Registrar of Lands, who is responsible for the collection of the tax, that the negotiations for such sale had commenced before the date of operation of this Part of this Act, and the instrument for the transfer of ownership of such land was effected in consequence of such negotiations;
- (c) the transfer of any land, or shares in any company, to any commercial bank (within the meaning of the Monetary Law Act), or a company which is a nominee of such bank, in its capacity as trustee under any instrument whatsoever;
- (d) the sale of any shares in any company held by a director of such company who has retired or is retiring from the office of director, or is going on leave out of the Island, to any person, who is not a citizen of Ceylon and who is a director, or is succeeding him in office as director, of such company;
- (e) the transfer of shares in a company arising by reason of the investment of the funds in a blocked account (within the meaning of the Exchange Control Act) or by reason of the investment of the funds of any company which is not a citizen of Ceylon and which is carrying on the business of life insurance;
- (f) the transfer of shares in any company to any commercial bank (within the meaning of the Monetary Law Act) in satisfaction or part satisfaction of any loan, overdraft or other financial accommodation given by such bank on the security of a mortgage of such shares; or
- (g) the transfer of property of any such class or description as is specified in any Order made by the Minister and published in the *Gazette*.

(5) The preceding provisions of this section shall be deemed to have come into operation on August 1, 1963.

59. Where a person liable to the tax in respect of any property does not pay the tax as required under this Part of this Act the tax shall be deemed to be in default, and the Commissioner of Inland Revenue shall, upon notification of such default by the Registrar of Lands or the company, as the case may be, take steps for the recovery of the tax deemed to be in default.

For the purposes of such recovery the provisions of the Inland Revenue Act, No. 4 of 1963, shall, *mutatis mutandis*, apply in like manner and to the same extent as such provisions apply for the recovery of any tax in default under that Act.

60. (1) An instrument effecting a transfer of ownership of any land to a person shall not be registered in accordance with the provisions of the Registration of Documents Ordinance unless the Registrar of Lands to whom the instrument is presented for registration is satisfied that—

(a) such person is a citizen of Ceylon; or

(b) if such person is not a citizen of Ceylon, the tax in respect of that land has been paid.

(2) A transfer of shares in a company shall not be registered in the register maintained by that company for the purposes of the transfer of shares unless the company is satisfied that—

(a) the person to whom such shares were transferred is a citizen of Ceylon; or

(b) if the person to whom such shares were transferred is not a citizen of Ceylon, the tax in respect of such shares has been paid.

(3) Where any question arises as to whether a person is or is not a citizen of Ceylon for the purposes of sub-section (1) or sub-section (2), a certificate under the hand of the Permanent Secretary to the Ministry of Defence and External Affairs that that person is a citizen of Ceylon shall be conclusive proof of the fact that he is a citizen of Ceylon for the purposes only of sub-section (1) or sub-section (2).

61. (1) Where a transfer of ownership of any property to a person who is not a citizen of Ceylon has been effected on any date during the period commencing on the first day of August, 1963, and ending on the date on which this Act becomes an Act of Parliament, and—

(a) where the instrument by which such transfer was effected has, if such property consists of land, been registered in accordance with the provisions of the Registration of Documents Ordinance, or

(b) where such property consists of shares in a company, such transfer has been registered in the registers maintained by that company for the purposes of the transfer of shares,

before the expiration of such period, then the transferee of such property shall be liable to the tax.

(2) A person who is liable to the tax under sub-section (1) shall, upon being requested by notice in writing sent to him by the Registrar of Lands, or the company, as the case may be, by registered letter through the post, pay to such Registrar or company, within the period specified in such notice, the amount of the tax specified in such notice, the amount of the tax specified in the notice, such amount being an amount equivalent to the value of the property transferred to the person who is not a citizen of Ceylon.

62. All sums paid to or recovered by a Registrar of Lands or a company as tax under this Act shall be credited by such Registrar or company to the Consolidated Fund of Ceylon.

63. Where any person fails to pay the amount of the tax specified in a notice sent to him by a Registrar of Lands or a company under sub-section (2) of section 61, such amount shall be deemed to be in default, and such Registrar or company may issue a certificate containing particulars of such amount and the name and address of the defaulter to a Magistrate having jurisdiction in the division in which such defaulter resides. The Magistrate shall thereupon summon the defaulter before him to show cause why proceedings for the recovery of the tax in default should not be taken against such defaulter, and if sufficient cause is not shown, the amount of the tax in default shall by order of the Magistrate be recovered as if it were a fine imposed by the Magistrate on such defaulter.

64. (1) Where a company fails to comply with the provisions of sub-section (2) of section 60, every director, manager, secretary or other officer of that company shall be guilty of an offence under this Part of this Act, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment:

Provided that a director, manager, secretary or other officer of such company shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(2) Every person who is liable to the tax under sub-section (1) of section 61 shall notify in writing, within fifteen days after the date on which this Act becomes an Act of Parliament,—

- (a) if the property consists of land, the Registrar of Lands of the district in which the land transferred by an instrument referred to in that sub-section is situated, of the fact of the execution of such instrument, or
- (b) if the property consists of shares in a company, the company in the registers of which the transfer of such shares was registered, of the fact of the transfer of such shares.

(3) Any person who fails to comply with the provisions of sub-section (2) shall be guilty of an offence under this Part of this Act, and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

65. The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in any other written law.

66. In this Part of this Act, unless the context otherwise requires,—
“citizen of Ceylon”—

- (a) in the case of a person who is an individual, means an individual who is a citizen of Ceylon under any law for the time being in force relating to such citizenship,
- (b) in the case of a person which is a company, means a company to which Part XI of the Companies Ordinance does not apply, and

- (c) in the case of a person which is a firm consisting of two partners, means a firm where both partners are citizens of Ceylon, and in the case of a firm consisting of more than two partners, means a firm where the majority of the partners are citizens of Ceylon;

“company” means a company incorporated or registered under any law in force in Ceylon or elsewhere;

“land” includes—

- (a) any land covered with water;
- (b) any house or building or any part thereof; and
- (c) any undivided share of any land;

“market value”, with reference to the transfer of any property otherwise than by sale, means and price which that property could have fetched on the date of the transfer in an open market;

“property” means—

- (a) any land, or
- (b) any shares in a company;

“transfer of ownership”, with reference to any property, means the transfer of ownership of that property by sale, gift or in any other manner whatsoever other than a transfer of ownership arising—

- (a) upon intestacy;
- (b) by gift or testamentary disposition by any individual to his spouse, child, parent, brother or sister, and the issue of such child, brother or sister who is not a citizen of Ceylon; or
- (c) upon the succession of any person as trustee to a person appointed as trustee under a will or any instrument of trust or of any provident fund or any investment;

“transferee” includes—

- (a) in the case of a transfer of ownership by a deed of gift, the donee; and
- (b) in the case of a transfer of ownership by gift by a testamentary disposition, the person to whom it is so gifted; and

“value” means—

- (a) in the case of any property of which the transfer of ownership took place by sale, the price realised by such sale;
- (b) in the case of any property of which the transfer of ownership took place otherwise than by sale, the amount equal to the market value of such property on the date of such transfer.

Part VII

Amendments to the Monetary Law Act and the People's Bank Act, No. 29 of 1961

67. The following new Part is hereby inserted immediately after Part III, and shall have effect as Part IIIA, of Chapter V of the Monetary Law Act:—

*Part IIIA***Medium and Long-term Credit Operations with
Credit Institutions**

88A. (1) With the object of granting financial accommodation to any credit institution in respect of lending operations carried out by such institution for any productive purpose, the Central Bank may, from time to time, grant, out of the Fund, any loan or advance to such institution against a promissory note given by such institution subject to and in accordance with the following conditions:—

- (a) that the loan or advance is repayable within such period not exceeding fifteen years as may be determined by the Bank;
- (b) that the repayment to the Central Bank of the loan or advance is secured by the assignment to the Bank by way of pledge—
 - (i) of debts owing to such institution by its borrowers in respect of such purpose or purposes, and
 - (ii) of mortgages given as security for the payment of such debts to such institution; and
- (c) such other conditions including the rate of interest to be charged by the Bank on such loan or advance, as may be determined by the Monetary Board.

Such assignment is in this Part of this Act referred to as an “assignment by way of pledge”.

(2) The Monetary Board may prescribe the conditions subject to which loans or advances will be available out of the Fund to credit institutions, including conditions relating to the rates of interest charged by such institutions, to the purposes for which their loans in general are destined, and to any other matters affecting or connected with the credit policy of such institutions.

(3) An assignment by way of pledge to the Central Bank under this Part of this Act shall be effected by an instrument which shall be substantially in the following Form:—

*Form of Assignment by way of pledge to the Central Bank of Ceylon
under section 88A of the Monetary Law Act.*

We,———, in terms of section 88A of the Monetary Law Act, do hereby assign to the Central Bank of Ceylon by way of pledge, the debts owing to us, particulars whereof are set forth in the Schedule hereto, and our rights as mortgagees under the mortgages mentioned in the Schedule hereto, as security or further security for the repayment to the Central Bank of Ceylon of a *loan/advance of Rs.——— granted to us by the Bank repayable———with interest at———% per annum.

**Delete whichever is inapplicable.*

SCHEDULE

<i>Amount of debt</i>	<i>Borrower's name and address</i>	<i>Mortgage bond No.</i>	<i>Date</i>	<i>Notary</i>
---------------------------	--	------------------------------	-------------	---------------

(4) The Central Bank shall, on the execution of an assignment by way of pledge under this Part of this Act, have a first charge on the debts and rights assigned

(5) The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in any other provisions of this Act.

88B. No duty shall be chargeable or payable under the Stamp Ordinance on or in respect of any instrument of assignment by way of pledge to the Central Bank under this Part of this Act, and accordingly, for the purposes of that Ordinance, such instrument shall be deemed to be exempt from such duty.

88C. No instrument of assignment by way of pledge to the Central Bank under this Part of this Act shall require registration under the Registration of Documents Ordinance, and accordingly any such instrument shall be deemed not to be void by reason only of its not being so registered.

88D. No assignment by way of pledge shall require execution before a licensed notary public and witnesses as provided by section 2 of the Prevention of Frauds Ordinance, and accordingly any such assignment shall be deemed not to be void by reason only of its not being so executed.

88E. (1) The Central Bank may establish, maintain, manage, and control, at the Bank, a Fund to be called the Medium and Long Term Credit Fund (in this Part of this Act referred to as the "Fund").

(2) The Monetary Board may, from time to time, transfer to the Fund, out of the reserves of the Bank, such sums of money as it may deem necessary to enable the Bank to discharge its functions under this Part of this Act.

(3) The Central Bank shall pay out of the Fund—

- (a) the amounts of all loans and advances granted by the Bank to credit institutions under this Part of this Act;
- (b) all sums of money representing other liabilities incurred by the Bank in the discharge of its functions under this Part of this Act; and
- (c) all sums of money which the Bank may, from time to time, decide to retransfer from the Fund to the reserves of the Bank.

(4) The Central Bank shall, in addition to the sums of money referred to in sub-section (2), pay into the Fund—

- (a) all sums of money paid to or recovered by the Bank in re-payment of the loans or advances granted by the Bank to credit institutions under this Part of this Act; and
- (b) all sums of money paid to or recovered by the Board as interest on such loans or advances.

88F. In this Part of this Act,—

- (a) "credit institution" means any banking institution as defined in sub-section (1) of section 127 of this Act and includes the Development Finance Corporation of Ceylon established under the Development Finance Corporation of Ceylon Act; and
- (b) "productive purpose" means any such purpose connected with or relating to the promotion or development of agriculture, industry, trade, commerce or business, as may be determined, from time to time, by the Monetary Board,

88G. The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in the provisions of any other written law, and accordingly in the event of any conflict or inconsistency between the provisions of this Part of this Act and the provisions of such other written law, the provisions of this Part of this Act shall prevail over the provisions of such other written law'.

68. Section 31 of the People's Bank Act, No. 29 of 1961, is hereby repealed.

Part VIII

The Acquisition by the People's Bank of certain premises and the disposal of such premises

69. This Part of this Act shall come into operation on the appointed date.

70. The People's Bank established under the People's Bank Act, No. 29 of 1961, (and hereafter in this Part of this Act referred to as the "Bank") shall be responsible for and charged with the administration of this Part of this Act and shall, in the exercise, performance or discharge of any power, duty or function conferred or imposed upon or assigned to the Bank by or under this Part of this Act, be subject to the general direction and control of the Minister.

71. (1) Subject to the provisions of sub-section (2), the Bank is hereby authorized to acquire the whole or any part of any agricultural, residential or business premises, if the Bank is satisfied that those premises were, at any time before or after the appointed date but not earlier than the first day of January, 1956,—

- (a) sold in execution of a mortgage decree entered by a court against the owner of such premises (hereafter in this Part of this Act referred to as the "original owner"); or
- (b) transferred by the owner of those premises (hereafter in this Part of this Act referred to as the "original owner") or his heirs, executors or administrators to any other person or the heirs, executors or administrators of any other person in satisfaction of a debt which was due from the original owner or his predecessor in title to that other person and which was secured by a mortgage of those premises subsisting immediately prior to the transfer; or
- (c) transferred by the owner of those premises (hereafter in this Part of this Act referred to as the "original owner") or his heirs, executors or administrators to any other person, at the request of a mortgagee of those premises, in satisfaction or part satisfaction of a debt which was due from the original owner or his predecessor in title to that mortgagee and which was secured by a mortgage of those premises subsisting immediately prior to the transfer; or
- (d) transferred by the owner of such premises to any other person after receiving from such other person a sum of money as consideration for such transfer and upon the condition that, on the repayment by the transferor (hereafter in this Part of this Act referred to as the "original owner") of that sum together with interest thereon within a specified period such other person will re-transfer those premises to the original owner.

(2) No premises shall be acquired under sub-section (1)—

- (a) unless an application in that behalf has been made to the Bank by the original owner of such premises or, where such original owner is dead or is of unsound mind or otherwise incapable of acting, by the spouse or any descendant of such person; or
- (b) unless the Bank is satisfied that the average statutory income of the person making the application and of the other members of the family of which he is the head, computed under the provisions of the written law relating to the imposition of income tax, for the three years of assessment immediately preceding the date on which such application was made by him, does not exceed a sum of ten thousand rupees; or
- (c) if the Bank is satisfied—
 - (i) that the premises to which the application relates are reasonably required for occupation as a residence for the owner of those premises or any member of the family of such owner or for the purposes of any trade, business, profession, vocation or employment of such owner or any member of his family and that such owner or member of his family has no other premises which could be used for the purpose for which the premises to which the application relates are being used, or
 - (ii) that the premises to which the application relates were, prior to the date of registration of the notice referred to in paragraph (b) of sub-section (4), purchased *bona fide* for valuable consideration by the owner of such premises from the person to whom such premises were sold or transferred in any of the circumstances specified in sub-section (1) or from any other person to whom such premises were subsequently transferred by such person; or
- (d) unless, in the case of an application relating to any agricultural premises, the Bank is satisfied that the applicant is not the owner of any other agricultural premises exceeding ten acres in extent.

For the purposes of sub-paragraph (i) of paragraph (c) of this sub-section, "member of the family", when used in relation to any person, means the spouse of that person or any son or daughter of that person over eighteen years of age, or any parent, brother or sister dependent on that person.

(3) The question whether any premises which the Bank is authorized to acquire under this Part of this Act should or should not be acquired shall be determined by the Bank and every such determination of the Bank shall be final and conclusive and shall not be called in question in any court.

(4) Where the Bank has determined that any premises shall be acquired for the purposes of this Part of this Act, the Bank shall—

- (a) notify such determination to the owner of such premises; and
- (b) cause a notice to be delivered or transmitted to the proper Registrar of Lands for registration, setting out the prescribed particulars relating to those premises and stating that those premises are to be acquired under this Part of this Act.

Every notice under paragraph (b) shall be registered by the Registrar of Lands in the manner provided in the Registration of Documents Ordinance for the registration of an instrument affecting or relating to land and shall be deemed for such purposes to be an instrument affecting or relating to the premises the prescribed particulars of which are set out in such notice.

72. (1) Where the Bank has determined that any premises shall be acquired for the purposes of this Part of this Act, the Chairman of the Board of Directors of the Bank shall cause such determination to be notified to the Minister.

(2) Upon being notified of the determination of the Bank in respect of any premises, the Minister may, by Order (hereafter in this Part of this Act referred to as a "vesting Order") published in the *Gazette*, vest in the Bank, with effect from such date as shall be specified in the Order, the premises to which such determination relates.

(3) Where a vesting Order under sub-section (2) in regard to any premises is published in the *Gazette*, such premises shall, with effect from the date specified in the Order under that sub-section, vest absolutely in the Bank free from all encumbrances.

(4) Any person specially or generally authorized in that behalf by the Chairman of the Board of Directors of the Bank may take possession of any premises vested in the Bank by a vesting Order.

(5) The person who, under sub-section (4) is authorized to take possession of any premises vested in the Bank by a vesting Order shall, by notice given to the person in occupation or in possession of such premises or exhibited in some conspicuous place in, or in the vicinity of, such premises,—

- (a) inform that such authorized officer intends to take possession of such premises for and on behalf of the Bank on such date and at such time and place as shall be specified in the notice, and
- (b) require any person interested or his authorized agent to be present on the date and at the time and place so specified, and to allow and assist such authorized officer to take possession of such premises for and on behalf of the Bank.

(6) Any notice required to be given to any person under sub-section (5) shall be deemed to be given to him if such notice is sent to him by registered letter through the post.

(7) Every person—

- (a) who contravenes any requirement of any notice given to him under sub-section (5), or
- (b) who—
 - (i) prevents, obstructs or resists, or
 - (ii) directly or indirectly causes any one to prevent, obstruct or resist, any other person from or in taking possession under the preceding provisions of this section of any premises for and on behalf of the Bank,

shall be guilty of an offence under this Part of this Act, and shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a period not exceeding one year or to a fine not exceeding one thousand rupees or to both such imprisonment and fine.

73. Where any premises are vested in the Bank, the Chairman of the Board of Directors of the Bank shall, by notice published in the *Gazette* and in such other manner as may be determined by him, direct every person who was interested in such premises immediately before the date on which such premises were so vested, to make, within a period of one month reckoned from the date specified in the notice a written claim to the whole or any part of the compensation payable under this Part of this Act in respect of such premises, and to specify in the claim—

- (a) his name and address,
- (b) the nature of his interest in such premises,
- (c) the particulars of his claim, and
- (d) how much of such compensation is claimed by him.

74. Upon the receipt of any claim made under section 73 to the compensation payable under this Part of this Act in respect of any premises vested in the Bank, the Chairman of the Board of Directors of the Bank shall cause the following documents to be sent to the claimant by registered letter through the post—

- (a) a copy of any such report in regard to the condition of the aforesaid premises as has been made by or under the authority of the Bank under any regulation made under this Part of this Act, if a copy of that report has not already been served on the claimant;
- (b) a copy of any such assessment of the compensation payable under this Part of this Act in respect of the aforesaid premises as has been made by or under the authority of the Bank;
- (c) a notice requiring the claimant, within the time specified in the notice—
 - (i) to furnish to the Bank a written statement setting out whether or not he agrees with the report referred to in the preceding paragraph (a) and the assessment referred to in the preceding paragraph (b) and, if he does not so agree, any objections that he may have to such report and assessment, and the grounds of such objections, and
 - (ii) to produce to the Bank all documents, and in particular the documents in regard to the condition of the aforesaid premises, relied on by him in support of any such objection.

75. (1) The Chairman of the Board of Directors of the Bank shall refer to the Compensation Tribunal for determination the amount of the compensation payable in respect of any property vested in the Bank under this Part of this Act and shall transmit to the Tribunal all claims made to such compensation, together with all documents furnished by the claimants in support of their claims, and all documents, copies of which have been served on or transmitted to the claimants by the Bank.

(2) A reference made under sub-section (1) to the Compensation Tribunal is hereafter in this Part of this Act referred to as a “reference for an award as to compensation”.

76. The amount of compensation to be paid under this Part of this Act in respect of any premises vested in the Bank shall be either the actual amount for which such premises were purchased by, or transferred to, the owner thereof and an additional sum which is equal to the reasonable value of any subsequent additions and improvements made to such premises by any person who was interested in such premises before the publication of the vesting Order in regard to such premises or the market value of such premises, whichever is less.

77. The compensation payable in respect of any premises vested in the Bank under this Part of this Act shall be considered as accruing due from the date on which those premises were so vested.

78. (1) The amount of compensation to be paid to any person in respect of any premises vested in the Bank under this Part of this Act shall be proportionate to the interest such person had in such premises on the date on which such premises were so vested.

(2) Where any premises are subject to a mortgage or lease at the time when those premises were vested in the Bank under this Part of this Act, the rights of the mortgagee or of the lessee, shall, notwithstanding the provisions of sub-section (3) of section 72, be limited to any sum paid under this Part of this Act as compensation in respect of those premises.

79. Any compensation payable under this Part of this Act shall, from the date on which such compensation accrues due up to the date of payment, carry interest at such rate as may be determined by the Bank with the concurrence of the Minister.

80. No compensation in respect of any premises vested in the Bank under this Part of this Act shall be paid to any person under this Part of this Act unless such person is entitled to such compensation according to an award (hereafter in this Part of this Act referred to as an "award as to compensation") made by the Compensation Tribunal under this Part of this Act.

81. Where any compensation payable to any person under this Part of this Act in respect of premises vested in the Bank is not accepted by him when it is tendered to him or where such person is dead, cannot be found after diligent search, or is not known, it shall be paid to the District Court or Court of Requests having jurisdiction over the place where such premises are situated, according as the amount of that compensation exceeds or does not exceed three hundred rupees, to be drawn by the person or persons entitled thereto.

82. (1) There shall be established, for the purposes of this Part of this Act, a Compensation Tribunal consisting of ten members appointed by the Governor-General of whom at least five shall be persons with judicial or legal experience.

(2) A person shall be disqualified for appointment, or for continuing, as a member of the Compensation Tribunal if he is a Senator, a Member of Parliament, or a member of the Board of Directors of the Bank or an officer or an employee of the Bank.

(3) A member of the Compensation Tribunal with judicial or legal experience shall be appointed to be the Chairman, and another member with similar experience shall be appointed to be the Vice-Chairman, of the Tribunal by the Governor-General on the recommendation of the Minister.

(4) Every member of the Compensation Tribunal shall, unless he earlier vacates office or is removed therefrom by the Governor-General, hold office for a period of three years. Any member of the Tribunal who vacates office by effluxion of time shall be eligible for reappointment.

(5) There shall be appointed a Secretary to the Compensation Tribunal (hereafter in this Part of this Act referred to as the "Secretary") and such other officers and servants as may be necessary for the performance of the work of the Tribunal.

(6) The members, officers and servants of the Compensation Tribunal shall be remunerated at such rates as may be determined by the Board of Directors of the Bank.

83. (1) The Secretary shall, under the direction of the Chairman or in his absence the Vice-Chairman of the Compensation Tribunal, convene meetings of the Tribunal for the consideration and determination of references for awards as to compensation.

(2) The Chairman or Vice-Chairman and four other members of the Compensation Tribunal shall be summoned to a meeting of the Tribunal. Such other members shall be chosen by lot by the Secretary. The quorum for a meeting of the Tribunal shall be three members.

(3) Two separate meetings of the Compensation Tribunal may be convened and held at the same time to consider and determine different references for awards as to compensation.

(4) Where the Chairman or the Vice-Chairman is summoned to a meeting of the Compensation Tribunal, the Chairman or Vice-Chairman, as the case may be, shall preside at that meeting, and in the absence of the Chairman or the Vice-Chairman the members of the Tribunal summoned to and present at that meeting shall choose from themselves a chairman for the meeting.

(5) A member of the Compensation Tribunal who is interested in any matter which is the subject of a reference for an award as to compensation or who has been consulted as an advocate or proctor or in any other capacity in regard to that matter by or on behalf of any person interested therein shall not participate in any proceedings of a meeting of the Tribunal on such reference.

(6) A meeting of the Compensation Tribunal may from time to time be postponed or adjourned.

84. (1) Every reference for an award as to compensation shall be considered and determined at a meeting of the Compensation Tribunal.

(2) The Secretary shall fix a date, time and place for the consideration and determination by the Compensation Tribunal of each reference for an award as to compensation.

(3) The Secretary shall, in respect of every reference for an award as to compensation, keep a record of all such proceedings before the Compensation Tribunal as relate to that reference.

85. (1) The Chairman or Vice-Chairman of the Compensation Tribunal and, if the Chairman or the Vice-Chairman is not presiding at any meeting of the Tribunal, the Chairman of that meeting shall, for the purposes of the consideration and determination of any reference for an award as to compensation, have all the powers of a District Court—

(a) to summon and compel the attendance of witnesses;

(b) to compel the production of documents; and

(c) to administer any oath or affirmation to witnesses.

(2) Every person giving evidence on any matter before a meeting of the Compensation Tribunal shall be bound to state the truth on such matter.

(3) Every person who attends a meeting of the Compensation Tribunal as a witness shall be paid as travelling and other expenses such sum as may be determined by the chairman of that meeting.

86. (1) The determination made at a meeting of the Compensation Tribunal on any matter considered at that meeting shall be deemed to be the determination of the Tribunal on that matter.

(2) Where the members of the Compensation Tribunal who consider any matter disagree with regard to the determination on that matter, the determination of the majority of them shall be the determination of the Tribunal on that matter, and, where the members are equally divided in their opinion, the determination supported by the chairman of the meeting by which that matter is considered shall be the determination of the Tribunal on that matter.

(3) Every determination of the Compensation Tribunal shall contain the reasons therefor.

87. Subject to the provisions contained in this Part of this Act in respect of procedure, the Compensation Tribunal may lay down the procedure to be observed at meetings of the Tribunal.

88. Where a reference for an award as to compensation is made to the Compensation Tribunal, the Tribunal shall, before making an award, give the Bank and every person who has made a claim to compensation an opportunity of being heard either in person or by an agent authorized in that behalf.

89. (1) Where a copy of any report made by or under the authority of the Bank in regard to the condition of any premises vested in the Bank under this Part of this Act is served on any claimant to compensation in respect of such premises, then, in so far as that claimant is concerned, that report shall, in any proceedings relating to the claim of the claimant before the Compensation Tribunal, be *prima facie* evidence of the facts stated therein until the contrary is proved.

(2) Where a copy of the Bank's assessment of compensation in respect of any premises is served on any claimant to such compensation, that assessment shall, in any proceedings relating to the claim of the claimant before the Compensation Tribunal, be *prima facie* evidence of the facts stated therein until the contrary is proved.

(3) Where a report in regard to the condition of any premises vested in the Bank, or the Bank's assessment of any compensation, is *prima facie* evidence of the facts stated therein under the preceding provisions of this section in any proceedings relating to a claim to compensation before the Compensation Tribunal, then, the claimant shall not be entitled to produce in those proceedings any document in support of any objection to such report or assessment unless that document had been produced to the Bank as required by or under this Part of this Act.

90. (1) Where a reference for an award as to compensation is made to the Compensation Tribunal in respect of any premises vested in the Bank, the Tribunal shall, after considering all such matters and hearing all such witnesses as may be necessary for the purpose and after complying with the provisions of section 88 and section 89 make, save as otherwise provided in sub-section (2), an award determining—

- (a) whether or not each person who has made a claim to compensation is a person entitled to compensation, and if so, the capacity in which he is so entitled;
- (b) the amount of the compensation payable in respect of such premises in accordance with the provisions of this Part of this Act; and
- (c) the apportionment of the compensation among the persons entitled to compensation:

Provided that, where there is a dispute as to the persons entitled to such compensation or as to the apportionment of such compensation among the persons entitled to such compensation, the Tribunal shall defer the making of an award and shall refer the dispute for decision to the District Court within whose jurisdiction such premises are situated and shall, after such Court or, in the event of an appeal, the Supreme Court makes its decision on such dispute, make an award in accordance with such decision.

(2) Any person who is dissatisfied with the decision of the District Court on a reference made to such Court under the proviso to sub-section (1) may appeal against such decision to the Supreme Court within the time and in the manner provided in the Civil Procedure Code for appeals against decrees in civil suits. The decision of the Supreme Court on any appeal to such Court under this sub-section shall be final.

(3) Where no person makes a claim to compensation in respect of any premises vested in the Bank, it shall not be necessary to determine in the award under this section the matters specified in paragraphs (a) and (c) of sub-section (1) and to comply with the provisions of sub-section (4) relating to the giving of notice of the award to claimants to compensation.

(4) The Compensation Tribunal shall cause written notice of awards to be given to the Bank and the claimants to compensation.

(5) An award of the Compensation Tribunal shall be final and shall not be called in question in any court.

91. Any premises vested in the Bank in consequence of an application made to the Bank for the acquisition of such premises by any person entitled to make such application under the preceding provisions of this Part of this Act may be let by the Bank to such person or where such person is dead, to the surviving spouse, if any, or any descendant of such person upon such terms as will enable the person to whom such premises are let to become the owner thereof after making a certain number of half-yearly payments as rent.

92. Where the Bank considers it necessary that an inspection, examination or survey should be made of any premises which the Bank is authorized under this Part of this Act to acquire, it shall be lawful for any person authorized in that behalf by the Chairman of the Board of Directors of the Bank, together with such persons, implements, materials, vehicles and animals as may be necessary, to enter upon and to take levels of such premises, and to do all such other acts as may be necessary for the purpose of such inspection, examination or survey:

Provided, however, that no person shall enter or do any act upon any premises in pursuance of the powers conferred on him by the preceding provisions of this section except with the consent of the owner or occupier of those premises, or after giving such owner or occupier, in the prescribed manner, not less than seven days' notice of his intention to enter those premises or to do such act thereon.

93. (1) The Chairman of the Board of Directors of the Bank or any other person authorized in that behalf by such Chairman may, by notice in writing, direct any person to furnish before a specified date to the Bank or to such officer thereof as may be specified in the notice—

(a) a return in the prescribed form containing the prescribed particulars relating to any such premises as are referred to in section 71 of which that person is, or was at any time, the owner; or

- (b) such information or explanation as the Bank may require in respect of any particulars stated in any return furnished by that person; or
- (c) such documentary or other evidence as the Bank may require for the purpose of verifying any particulars stated in any return or any information furnished by that person.

(2) Where any person has a plan of any premises referred to in section 71, the Chairman of the Board of Directors of the Bank or any other person authorized in that behalf by such Chairman may by written notice direct that person to produce the plan before a specified date to such officer of the Bank as is specified in the notice in order that the Bank may verify the boundaries and extent of those premises.

(3) Any notice required to be given to any person under the preceding provisions of this section shall be deemed to be given to him if such notice—

- (a) has been sent through the post by registered letter to his residence or place of business or to his agent; or
- (b) has been affixed to a conspicuous part of such residence or place; or
- (c) in a case where such person is on the date of issue of such notice the owner of the premises to which such notice relates, has been sent through the post by registered letter to the occupier of such premises or has been affixed in a conspicuous part of a building, or to a tree or post in a conspicuous place, on such premises.

(4) Any person—

- (a) who contravenes any requirement of any notice given to him under this section; or
- (b) who, when required to furnish a return or any information or explanation, or evidence, knowingly furnishes a return containing any particulars which are false or any information, explanation or evidence which is false,

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees.

94. (1) Where any premises have been inspected by any person authorized in that behalf by the Chairman of the Board of Directors of the Bank for the purpose of assessing the value of such premises with a view to acquiring such premises under the provisions of this Part of this Act, such Chairman may by written notice given in the same manner as a notice under section 93, prohibit the owner or occupier of such premises from committing or permitting the commission of any damage to those premises or to any plantation, building or other structure on those premises, or any other act which will diminish the value of those premises.

(2) Where it is decided not to vest in the Bank by vesting Order made under the provisions of this Part of this Act any premises in respect of which a notice has been given to any person under sub-section (1), the Chairman of the Board of Directors of the Bank shall forthwith cancel that notice and give written information of the cancellation to that person.

(3) A person who contravenes a notice issued to him under sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees.

95. No informality or irregularity occurring in any matter or proceeding under this Part of this Act shall invalidate or affect the title to any land vested in the Bank under this Part of this Act.

96. All expenses incurred in the administration of this Part of this Act, including the remuneration to be paid to the members, officers and servants of the Compensation Tribunal and the sums to be paid as travelling and other expenses to persons attending a meeting of the Tribunal as witnesses shall, notwithstanding anything to the contrary in the People's Bank Act, No. 29 of 1961, be met by the Bank.

97. (1) The Minister may make regulations—

- (a) for the purpose of carrying out or giving effect to the principles and provisions of this Part of this Act;
- (b) in respect of any matter regarding the assessment and payment of any compensation under this Part of this Act;
- (c) in respect of any matter stated or required by this Part of this Act to be prescribed.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall, as soon as may be convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representative for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder. Notification of the date on which any regulation made by the Minister is deemed to be rescinded shall be published in the *Gazette*.

98. In this Part of this Act unless the context otherwise requires—

“agricultural premises” means any property or premises which is used or capable of being used wholly or mainly for the purpose of agriculture or horticulture or for any purpose of husbandry including the keeping or breeding of live-stock, poultry, or bees and the cultivation of fruits, vegetables and the like;

“business premises” means any premises other than agricultural premises or residential premises;

“Compensation Tribunal” means the Compensation Tribunal established under this Part of this Act;

“market value”, with reference to any premises vested in the Bank, means the price which those premises would have fetched in the open market on the date on which such premises were vested in the Bank;

“Minister” means the Minister to whom the subject or function of the People's Bank is assigned by the Prime Minister under section 46 of the Ceylon (Constitution) Order in Council, 1946;

“person who was interested”, in relation to any premises vested in the Bank, means a person who, immediately before the date on which such premises were so vested, has an interest in such premises as owner, co-owner, mortgagee, lessee or otherwise, whether absolutely for himself or in trust for any other person;

“prescribed” means prescribed by regulation made under this Part of this Act;

“regulation” means a regulation made by the Minister under this Part of this Act;

“residential premises” means any premises for the time being occupied wholly or mainly for the purposes of residence;

“spouse”, when used with reference to any person, means the husband or wife, as the case may be, of that person and includes, in the case of a marriage by habit and repute or according to custom, any contracting party to such marriage;

“year of assessment” has the same meaning as in the Inland Revenue Act, No. 4 of 1963.

(b) any motor car so registered on or after that date but which—

- (i) had been shipped to Ceylon before that date from abroad and had been landed in Ceylon after that date,
- (ii) had been subject to the payment of customs duty normally payable in respect of such description of motor cars, and
- (iii) had not been imported on any import licence or permit not available to persons desiring to import cars for their use;

“Registrar” means the Registrar of Motor Vehicles or any person authorized by him for the purposes of this Part of this Act.

Part XI

Issue of Treasury Bills

116. In addition to the sums heretofore borrowed or authorized to be borrowed by the issue in Ceylon of Ceylon Government Treasury Bills under the Local Treasury Bills Ordinance, the Minister of Finance may direct the Deputy Secretary to the Treasury to borrow, by the issue in Ceylon of Ceylon Government Treasury Bills, sums not exceeding one hundred million rupees in the aggregate; and the Deputy Secretary to the Treasury may also, with the prior approval of the Minister of Finance, borrow from time to time by the issue of such Treasury Bills, such sums as may be required to pay off at maturity, Treasury Bills already lawfully issued by him, and outstanding, under the provisions of this section.

117. The provisions of sub-sections (2) and (3) of section 2, and sections 3 to 7 (both inclusive), of the Local Treasury Bills Ordinance shall, *mutatis mutandis*, apply to Ceylon Government Treasury Bills issued under section 116 of this Part of this Act in like manner and to the same extent as such provisions apply in the case of Ceylon Government Treasury Bills issued under that Ordinance.

**B. MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE
MONETARY BOARD IN 1963**

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

<i>Date</i>	<i>Circular No.</i>		<i>Buying (per \$100)</i>	<i>Selling (per \$100)</i>
15. 1.63	1/192	Spot Forward upto 3 months	Rs. 474.25 Rs. 474.25	Rs. 474.50 -/25 cts. per month premium against spot
30. 1.63	1/193	Spot Forward upto 3 months	Rs. 474.75 Rs. 474.75	Rs. 475.00 -/25 cts. per month premium against spot
11. 3.63	1/194	Spot Forward upto 3 months	Rs. 475.25 Rs. 475.25	Rs. 475.50 -/25 cts. per month premium against spot
11.11.63	1/195	Spot Forward upto 3 months	Rs. 475.75 Rs. 475.75	Rs. 476.00 -/25 cts. per month premium against spot