

APPENDIX I

(A) EXTRACTS OF MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON IN 1967, WHICH RELATE TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS.

(B) MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1967.

(A) Major Legal Enactments of 1967 relating to the Functions and Operations of the Central Bank and other Banking Institutions in Ceylon.

**Development Finance Corporation of Ceylon
(Amendment) Act, No. 1 of 1967.**

AN ACT TO AMEND THE DEVELOPMENT FINANCE CORPORATION OF CEYLON ACT.

(Date of Assent : March 23, 1967)

1. This Act may be cited as the Development Finance Corporation of Ceylon (Amendment) Act, No. 1 of 1967.

2. Section 4 of the Development Finance Corporation of Ceylon Act (hereinafter referred to as the "principal Act"), as amended by Act No. 8 of 1958, is hereby further amended as follows—

(1) in sub-section (1) of that section, by the substitution, for paragraph (a) of that sub-section, of the following new paragraph—

“(a) to assist in the promotion, establishment, expansion and modernisation of private industrial, agricultural and commercial enterprises in Ceylon, and ” ; and

(2) in sub-section (2) of that section, by the substitution,—

(a) for the words “ Any industrial or agricultural enterprise in Ceylon ”, of the words “ Any industrial, agricultural or commercial enterprise in Ceylon ” ; and

(b) for the words “ a private industrial or agricultural enterprise in Ceylon ”, of the words “ a private industrial, agricultural or commercial enterprise in Ceylon ”.

3. Section 5 of the principal Act is hereby amended as follows :—

(1) in paragraph (iii) of that section, by the substitution, for the words “ from other private investment sources ; ” of the words “ from investment sources ; ” ; and

(2) by the insertion, immediately after paragraph (iii) of that section, of the following new paragraph :—

“(iiiia) nominate a representative of the Corporation to serve on the governing body of a ny enterprise in which the Corporation has financial interest ;”.

4. Section of the principal Act is hereby amended in sub-section (1) of that section, by the substitution, for all the words from “ eight million rupees ” to the end of that sub-section, of the following :—

“ twenty-four million rupees divided into two hundred and forty thousand ordinary shares of one hundred rupees each ”.

5. Section 9 of the principal Act is hereby amended in sub-section (5) of that section, by the substitution, for the words “ any private industrial or agricultural enterprise ”, of the words “ any private industrial, agricultural or commercial enterprise ”.

6. Section 10 of the principal Act is hereby amended in sub-section (4) of that section, by the substitution, for the words "There shall be not less than four and not more than six other directors", of the words "There shall be not less than six and not more than eight other directors".

7. Section 13 of the principal Act is hereby amended in sub-section (1) of that section, by the substitution, for all the words from "Any loan made under this sub-section" to "by the Government," of the following :—

"Any loan made under this sub-section shall be repayable to the Government by the Corporation in fifteen equal annual instalments the first of which shall be due in the twenty-sixth year succeeding the year in which such loan is granted by the Government,"

8. Section 14 of the principal Act is hereby amended as follows :—

(1) in sub-section (1) of that section, by the substitution,—

(a) for the words "from the International Bank for Reconstruction and Development.", of the words "from the International Bank for Reconstruction and Development, or from any other international or foreign organization approved by the Government." ; and

(b) for the words "the equivalent of twenty-four million rupees", of the words "the equivalent of seventy-two million rupees" ;

(2) in sub-section (3) of that section, by the substitution,—

(a) for the words "from the International Bank for Reconstruction and Development or by the Government", of the words "from the International Bank for Reconstruction and Development or from any other international or foreign organization approved by the Government, or by the Government" ; and

(b) for the words "other than the International Bank for Reconstruction and Development", appearing in the proviso to that sub-section, of the words "other than the International Bank for Reconstruction and Development or any other international or foreign organization approved by the Government" ;

(3) in sub-section (5) of that section, by the substitution, for the words "Every guarantee agreement between the Government and the International Bank for Reconstruction and Development", of the words "Every guarantee agreement between the Government and the International Bank for Reconstruction and Development or any other international or foreign organization approved by the Government" ;

(4) in sub-section (6) of that section, by the substitution, for the words "In the case of any loan made to the Corporation by the International Bank for Reconstruction and Development", of the words "In the case of any loan made to the Corporation by the International Bank or Reconstruction and Development or any other international or foreign organization approved by the Government" ; and

(5) by the insertion, at the end of that section, of the following new sub-sections :—

“(7) The Governor-General, or any person authorized in that behalf by the Governor-General by instrument under his hand, is hereby empowered, on behalf of the Government, to sign any guarantee agreement between the Government and the International Bank for Reconstruction and Development or any other international or foreign organization approved by the Government.

(8) Notwithstanding anything in any other written law, no agreement, bond or other document executed by the Corporation in respect of any loan which may be raised by the Corporation from the International Bank for Reconstruction and Development, or from any other international or foreign organization approved by the Government, shall be subject to, or be charged with, any stamp duty or duties whatsoever.

(9) As soon as possible after the end of each financial year the Minister of Finance shall cause to be laid before the Senate and the House of Representatives the report on the Statement of accounts of the Corporation and of every, loan, bond and guarantee entered into under this Act, during the course of that financial year”.

9. Section 18 of the principal Act is hereby amended as follows :—

(1) in the definition of “ agricultural enterprise ”, by the substitution, for the words “ enterprise operated on a commercial basis ; ”, of the words “ enterprise operated by a limited liability company on a commercial basis ; ” ; and

(2) by the insertion, immediately after the definition of “ board of directors ”, of the following new definitions :—

“ commercial enterprise ” includes any large scale enterprise operated by a limited liability company, not falling within the description of an agricultural or industrial enterprise, which shall be conducive to the economic development of Ceylon ;

“ governing body ”, in relation to any enterprise, means any body of persons by whatsoever name or designation called for the time being charged with the management or administration, or any part thereof, of such enterprise’s business or affairs ;

“ industrial enterprise ” means a large scale enterprise for a productive purpose operated by a limited liability company on a commercial basis ;’.

Appropriation Act, No. 15 of 1967.

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1967-68, TO AUTHORIZE 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.

(Date of Assent : September 29, 1967).

1. This Act may be cited as the Appropriation Act, No. 15 of 1967.

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 six hundred and thirty-one million six hundred and seventy-eight thousand seven hundred and forty-seven for the service of the financial year beginning on October 1, 1967, and ending on September 30, 1968, shall be met—

- (a) from payments which are hereby authorized 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 authorized 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 nine hundred and ninety-five million.

The sum of rupees two thousand six hundred and thirty-one million six hundred and seventy-eight thousand seven hundred and forty-seven 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 authorizing 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 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 vote under that head by order of the Secretary to the Treasury or any other officer authorized by him.

6. The Minister of Finance, with the approval of the Government, may, on or before April 30, 1969, 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 Representatives 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.

(a) First Schedule :

Gives a breakdown of the sums payable for general services for the financial year beginning October 1st, 1967 and ending on September 30th, 1968, under the various heads of expenditure.

The total sum payable for these services is estimated at Rupees Two Thousand Six Hundred and Thirty One Million, Six Hundred and Seventy Eight Thousand Seven Hundred and Forty Seven (Rs. 2,631,678,747.00).

This sum may be expended under the authority granted under Section 2 (1) of the Act.

(b) Second Schedule :

Gives a breakdown of financial provisions made in respect of certain activities of the Government for the same financial year. The breakdown specifies under the Heads of the various offices, Institutions and Departments, and in respect of certain activities of the Government in respect of such Offices, Institutions and Departments, the maximum limits of expenditure of the activities of Government, maximum limits of receipts to be credited to the Accounts of the activities of Government, maximum limits to Debit Balances of the activities of Government, and the maximum limits of liabilities of the activities of Government.

These sums shall be expended and credited in terms of the breakdown given under the authority granted under Section 3 of the Act.

Monetary Law (Amendment) Act, No. 16 of 1967.

AN ACT TO AMEND THE MONETARY LAW ACT.

(Date of Assent : November 30, 1967)

1. This Act may be cited as the Monetary Law (Amendment) Act, No. 16 of 1967.

2. Section 3 of the Monetary Law Act is hereby amended by the substitution, for the words and figures "shall be two grains and eighty-eight hundredths (2.88) of a grain of fine gold.", of the words and figures "shall be decimal one four nine two nine seven (0.149297) of a gram of fine gold."

(B) Major Administrative measures adopted by the Monetary Board in 1967

Circular No. 24

Central Bank of Ceylon,
P. O. Box 590,
Colombo 1,
15th May, 1967.

Central Bank's Rates of Interest on Advances

(Reference : Sections 83 and 87 of the Monetary Law Act)

With effect from May 15, 1967, the rate of interest on advances by the Central Bank to commercial banks secured by the pledge of Usance Promissory Notes of Co-operative Societies (registered under the Co-operative Societies Ordinance) relating to the production of paddy shall be 2% per annum, provided that commercial banks which avail themselves of this facility do not charge more than 9% per annum from the makers of the notes.

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

W. TENNEKON,
Senior Deputy Governor,
Central Bank of Ceylon.

Circular No. 24

(Revised 18th June, 1967)

Central Bank of Ceylon,
P. O. Box 590,
Colombo 1,
June 18, 1967.

Central Bank's Rates of Interest on Advances

(Reference : Sections 83 and 87 of the Monetary Law Act)

With effect from 18th June, 1967, the rate of interest on advances by the Central Bank to commercial banks secured by the pledge of Usance Promissory Notes of Co-operative Societies (registered under the Co-operative Societies Ordinance) relating to the production of paddy, red onions, Bombay onions, chillies, potatoes, pineapples, and vegetables shall be 2% per annum, provided that commercial banks which avail themselves of this facility do not charge more than 9% per annum from the makers of the notes.

K. GUNARATNAM,
Acting Chief Accountant,
Central Bank of Ceylon.

W. TENNEKON,
Senior Deputy Governor,
Central Bank of Ceylon.

Circular No. 24

(Revised—September 1, 1967)

Central Bank of Ceylon,
P. O. Box 590,
Colombo 1,
September 1, 1967.

Central Bank's Rates of Interest on Advances

(Reference : Sections 83 and 87 of the Monetary Law Act)

With effect from September 1, 1967, the rate of interest on advances by the Central Bank to commercial banks secured by the pledge of Usance Promissory Notes of Co-operative Societies (registered under the Co-operative Societies Ordinance) relating to the production of paddy, red onions, Bombay onions, chillies, potatoes, pineapples and vegetables shall be $1\frac{1}{2}\%$ per annum, provided that commercial banks which avail themselves of this facility do not charge more than 8% per annum from the makers of the notes.

K. GUNARATNAM,
Acting Chief Accountant,
Central Bank of Ceylon.

W. TENNEKON,
Governor,
Central Bank of Ceylon.

Circular No. 25

Central Bank of Ceylon,
Queen Street,
Colombo 1.
20th September, 1967.

Commercial Bank Credit

Reference : Our Circular No. 11 dated 12th August, 1960.

The provisions of paragraphs 3(B)2 and 3(B)3 of our above mentioned Circular will not apply in the case of :—

- (a) commercial bank credit to hire purchase companies for the hire of motor cars and station wagons imported after 1.6.67 for the use of the tourist industry and
- (b) commercial bank credit for the purpose of financing the purchase of motor cars and station wagons imported after 1.6.67 for the use of the tourist industry—

provided that in both cases (a) and (b) above the borrower furnishes to the lending bank, a certificate from the Controller of Imports and Exports that the vehicles in question have been imported for the use of the tourist industry.

K. GUNARATNAM,
Acting Chief Accountant,
Central Bank of Ceylon.

W. TENNEKOON,
Governor,
Central Bank of Ceylon.

CENTRAL BANK OF CEYLON

Circular No. 1

Revised—November 22, 1967

Central Bank's Exchange Rates

(Reference : Section 74 of the Monetary Law Act)

1. The following exchange rates are applicable to transactions by the Central Bank with commercial banks in Ceylon :—

	<i>Central Bank buying rates for telegraphic transfers</i>		<i>Central Bank selling rates for telegraphic transfers</i>	
	s.	d.	s.	d.
Sterling (per Ceylon Rupee)				
Spot	1	4 53	1	4 13
		— 64		— 16
Forward (up to six months)	1/128d per month discount against spot *		1/128d per month premium against spot *	
Indian Rupee (per 100 Indian Rupees)				
Spot	Rs. 79	1/8	Rs. 79	3/16
Forward (up to six months)	1/32 of a rupee per month discount against spot *		1/32 of a rupee per month premium against spot *	

* Contracts to be taken up at the option of the commercial bank but at the contracted exchange rate if taken up before expiry of the contract period.

2. The Central Bank's rates for the U. S. Dollar applicable to transactions with commercial banks will be subject to change within one half of one per cent of the legal parity. Such changes will be communicated as and when they occur.

3. The provisions of this Circular may be withdrawn, added to, or amended at any time.

K. GUNARATNAM,
Acting Chief Accountant.

W. TENNEKOON,
Governor.

CENTRAL BANK OF CEYLON

Circular No. 2

Revised — November 22, 1967

Commercial Banks' Exchange Rates

(Reference : Section 76 of the Monetary Law Act)

The following exchange rates are applicable to transactions by commercial banks :—

		MINIMUM BUYING RATES <i>Clean Telegraphic Transfers</i>		MAXIMUM SELLING RATES <i>Clean Telegraphic Transfers</i>
		Rs. cts.		Rs. cts.
Sterling (per £.1)				
(a) For amounts of £.100 or below	...	14 19 (Corresponding to 1s. 4 29d per rupee)		14 30 (Corresponding to 1s. 4 25d per rupee)
		<hr style="width: 10%; margin: 0 auto;"/> 32		<hr style="width: 10%; margin: 0 auto;"/> 32
(b) For amounts over £.100	...	14 32 (Corresponding to 1s. 4 7/8d per rupee)		14 29 (Corresponding to 1s. 4 51d per rupee)
				<hr style="width: 10%; margin: 0 auto;"/> 64
United States Dollars	...	Not more than -/75 cents per \$.100 below the Central Bank's buying rate.		Not more than Rs. 1/50 per \$100 over the Central Bank's selling rate.
Indian Rupee (per 100 Indian Rupees)	...	79 3/32		79 7/32
Pakistan Rupee (per 100 Pakistan Rupees)	...	124 5/8		125 3/16

K. GUNARATNAM
Acting Chief Accountant.

W. TENNEKOON,
Governor.

CENTRAL BANK OF CEYLON**Circular No. 1/198**

November 22, 1967.

Central Bank's Exchange Rates for the U. S. Dollar

The following exchange rates are applicable to transactions by the Central Bank with the commercial banks with respect to the U. S. dollar until further notice.

	<i>Central Bank Buying Rates for Telegraphic Transfers</i>	<i>Central Bank Selling Rates for Telegraphic Transfers</i>
U.S. dollars (per 100)		
Spot	Rs. 592.25	Rs. 592.50
Forward up to three months	Rs. 592.25	-/25 cents per month premium against spot.

Over three months and up to six months on specific application to the Central Bank.

W. TENNEKON
Governor.