

APPENDICES

APPENDIX I

- (A) EXTRACTS OF MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON IN 1968, WHICH RELATE TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS

- (B) MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1968.

(A) Major Legal Enactments of 1968 relating to the Functions and Operations of the Central Bank and other Banking Institutions in Ceylon.

Monetary Law (Amendment) Act, No. 5 of 1968

AN ACT TO AMEND THE MONETARY LAW ACT

(Date of Assent : February 28, 1968)

1. This Act may be cited as the Monetary Law (Amendment) Act, No. 5 of 1968.

2. The following new section is hereby inserted immediately after section 59 of the Monetary Law Act, and shall have effect as section 59A of that Act:—

59A. (1) Where in any proceedings in any court it has to be determined whether an article purporting to be a coin or a current coin is an imitation of such coin or current coin, a certificate under the hand of the Governor of the Central Bank or, if the Governor of the Central Bank is temporarily absent from duty or temporarily unable to perform his functions and duties, a certificate under the hand of the Deputy Governor for the time being acting as the chief executive officer of the Central Bank, to the effect that such article is an imitation of a coin or a current coin, as the case may be, and is not a coin or a current coin issued or deemed to be issued by the Central Bank of Ceylon, shall be received in those proceedings as conclusive evidence of the fact that such article is an imitation of a coin or current coin.

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

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

I Governor of the Central Bank of Ceylon*/Deputy Governor for the time being acting as the chief executive officer of the Central Bank of Ceylon, do hereby certify that I have examined the article delivered in a sealed packet by.....together with letter No.....in respect of Case No.....which purports to be a coin*/current coin of the denomination.....and that such article is an imitation of a coin*/current coin issued or deemed to be issued by the Central Bank of Ceylon and is not a coin*/current coin issued or deemed to be issued by the Central Bank of Ceylon.

Signature.....

Date.....

•Delete inapplicable words.

(4) This section shall apply —

- (a) to proceedings in respect of all offences whether committed before or after the fifteenth day of August, 1967; and
- (b) to proceedings pending before or awaiting inquiry or trial in any court on the fifteenth day of August, 1967.

(5) In this section, the expression “current coin” shall have the same meaning as in Penal Code.

Trusts (Amendment) Act, No. 7 of 1968

AN ACT TO AMEND THE TRUSTS ORDINANCE

(Date of Assent ; February 28, 1968)

1. This Act may be cited as the Trusts (Amendment) Act, No. 7 of 1968.

2. Section 21 of the Trusts Ordinance is hereby amended, by the substitution, for all the words from “to preclude, in any case”, to the end of that section, of the words “to preclude the deposit of trust money in a Government Savings Bank (including the Ceylon Savings Bank),”

Monetary Law (Amendment) Act, No. 21 of 1968

AN ACT TO AMEND THE MONETARY LAW ACT

(Date of Assent : June 11, 1968)

1. This Act may be cited as the Monetary Law (Amendment) Act, No. 21 of 1968.

2. Section 88A of the Monetary Law Act (hereinafter referred to as the principal Act), as amended by Act No. 11 of 1963, is hereby further amended as follows :—

- (1) in sub-section (1) of that section, by the substitution, in paragraph (b) of that sub-section, for all the words and figures from “by way of pledge” to the end of that paragraph, of the following :—

“by way of pledge of debts owing to such institution by its borrowers in respect of such purpose or purposes ; and” ;

(2) in sub-section (3) of that section, in the Form of Assignment set out in that sub-section—

(a) by the omission of the words “and our rights as mortgagees under the mortgages mentioned in the Schedule hereto,” ; and

(b) in the Schedule to that Form, by the omission of the following:—

“Mortgage bond No.”; and

(3) in sub-section (4) of that section, by the omission of the words “and rights”.

3. Section 88E of the principal Act is hereby amended as follows:—

(1) by the repeal of sub-section (2) of that section and the substitution therefor of the following new sub-section:—

“(2) (a) 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.

(b) The Bank may pay to the Fund the amounts of loans granted to the Bank by international financial institutions.”;

(i) in sub-section (3) of that section —

(a) by the substitution, in paragraph (b) of that sub-section, for the words “this Act; and”, of the words “this Act”;

(b) by the substitution, in paragraph (c) of that sub-section, for the words “reserves of the Bank.” of the words “reserves of the Bank; and”; and

(c) by the insertion, immediately after paragraph (c) of that sub-section, of the following new paragraph:—

“(d) all sums of money due to international financial institutions in repayment of loans granted to the Bank by such international financial institutions if the amounts of such loans had been paid into the Fund.”; and

(3) in sub-section (4) of that section, by the substitution, for all the words and letters from “into the Fund” to the end of that sub-section, of the following:—

“into the Fund all sums of money paid to or recovered by the Bank in repayment of the loans or advances granted by the Bank to credit institutions under this Part of this Act.”

Foreign Exchange Entitlement Certificates Act, No. 28 of 1968

AN ACT TO MAKE THE NECESSARY LEGAL PROVISION FOR THE ESTABLISHMENT AND OPERATION BY THE GOVERNMENT OF CEYLON, THROUGH ITS AGENT THE CENTRAL BANK OF CEYLON, OF A SCHEME OF FOREIGN EXCHANGE ENTITLEMENT CERTIFICATES, AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

Date of Assent: June 22, 1968

1. (1) This Act may be cited as the Foreign Exchange Entitlement Certificates Act, No. 28 of 1968.

(2). The provisions of this Act shall be deemed, for all purposes to have come into operation on May 6, 1968.

2. The Government is hereby authorized to establish and operate, under and in accordance with the provisions of this Act, a Scheme to enable the issue, purchase, sale, surrender, or disposal in any other manner, of foreign exchange entitlement Certificates. Such Scheme is in this Act referred to as "the Scheme".

3. The authority vested in the Government by section 2 shall be exercised by the Central Bank as the agent of the government, and accordingly such Bank may, in its capacity as such agent, exercise, discharge and perform, subject to such directions as may from time to time be issued in that behalf by the Minister of Finance, all such powers, functions and duties as may be necessary for the purposes of the establishment and operation of the Scheme, and of carrying out and giving effect to the principles and provisions of this Act.

4. (1) Subject to such terms as may be approved by the Minister of Finance from time to time and notified in the *Gazette*, the Central Bank is hereby authorized to issue Certificates from time to time, either directly or on its behalf through any commercial Bank. The form, design, inscription, dimensions and other characteristics of such Certificates shall be as determined by the Central Bank from time to time.

(2) Every Certificate —

- (a) shall bear the signature in facsimile of the Chief Accountant of the Central Bank, and such number of manual signatures as may be determined by directions;
- (b) shall be stated on the face thereof to be issued by, or for and on behalf of the Central Bank;
- (c) shall be valid for such period as shall be specified therein; and
- (d) shall bear on the face of it an amount expressed in terms of Ceylon rupees.

5. The holder of a valid Certificate shall be entitled, upon the surrender thereof to an authorized dealer, to purchase foreign exchange for such purposes, and subject to such terms, as may be approved by the Government from time to time and notified in the *Gazette*.

6. (1) Any person who, without the authority of the Central Bank,—

(a) cuts, perforates, or in any other way whatsoever, mutilates any Certificate; or

(b) prints, stamps, or draws anything upon any Certificate, or affixes any seal or stamp to or upon any Certificate; or

(c) attaches or affixes to or upon any Certificate anything in the nature or form of an advertisement,

shall be guilty of an offence under this Act.

(2) Any person who forges any certificate shall be guilty of an offence under this Act.

7. All expenses incurred in the administration of this Act, and in particular but without prejudice to the generality of the foregoing provisions of this section, all expenses incurred in the establishment and operation of the Scheme and the printing of Certificates and the payment to commercial banks of such commissions or fees as may be determined by the Central Bank, shall be paid out of the Consolidated Fund.

8. (1) For the purposes of this Act, there shall, be opened and maintained in the Central Bank in the name of the Government an account to be called the "Foreign Exchange Entitlement Certificate Account", in this Act referred to as "the Account".

(2) There shall be credited to the Account all such sums of money as may, from time to time, be withdrawn from the Consolidated Fund for the purpose of being credited to the Account, and all other sums received by the Central Bank for and on behalf of the Government in the course of the administration of this Act.

(3) There shall be paid out of the Account all the expenses referred to in section 7.

(4) Any monies lying in the Account may be transferred to the Consolidated Fund from time to time as determined by the Minister of Finance.

9. (1) The Central Bank may issue directions for the purpose of carrying out or giving effect to the principles and provisions of this Act to commercial banks, authorized dealers, approved acceptors or other persons.

(2) In particular, but without prejudice to the generality of the powers conferred by sub-section (1), the Central Bank may issue directions to commercial banks, authorized dealers, approved acceptors or other person for or in respect of all or any of the following matters :—

- (a) any matter for which directions are authorized by this Act to be issued ;
- (b) any matter relating to the establishment and operation of Scheme in respect of which the provisions of this Act need to be supplemented ; and
- (c) any matter connected with or incidental to any of the aforesaid matters.

(3) Any person who contravenes or fails to comply with any direction issued by the Central Bank under this Act shall be guilty of an offence under this Act.

10. (1) Any person who is guilty of an offence under this Act shall be liable, on conviction after summary trial before a Magistrate, to imprisonment of either description for a term not exceeding two years or to a fine not exceeding ten thousand rupees, or to both such imprisonment and such fine.

2. Any person who attempts to commit, or does any act preparatory to the commission of, any offence under this Act shall be deemed to be guilty of such offence

11. Where a person convicted of an offence under this Act is a body of persons, then,—

- (a) if such body is a firm, every person who at the time of the commission of the offence was a partner of that firm ; or
- (b) if such body is a body corporate, every person who at the time of the commission of the offence was a director or other officer of such body,

shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge, or that he exercised all due diligence to prevent the commission of such offence.

12. All offences under this Act shall be cognizable offences within the meaning and for the purposes of the Criminal Procedure Code.

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

14. The powers, duties and functions of the Central Bank under 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.

15. Any power, duty or function of the Central Bank under this Act which is vested in the Monetary Board by section 14, may be exercised, performed or discharged on its behalf by the Governor of the Central Bank, or by any officer of the Bank acting under the general or special directions of the Governor of the Central Bank.

16. The Governor of the Central Bank may accept from any person who is reasonably suspected of having committed an offence under this Act, by way of composition for the offence which may have been committed, either such sum of money, not exceeding one hundred thousand rupees, as may be specified in a notice sent by post or otherwise delivered to such person by the Governor if the sum as 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 the Governor, 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 Governor shall be credited by him to the Account.

17. (1) Where in any proceedings in any court it has to be determined whether a document purporting to be a foreign exchange entitlement Certificate is an imitation of such a Certificate, a certificate under the hand of the Governor of the Central Bank or, if the Governor is temporarily absent from duty or temporarily unable to perform his functions and duties, a certificate under the hand of the Deputy Governor for the time being acting as the chief executive officer of the Central Bank, to the effect that such document is an imitation of a foreign exchange entitlement Certificate issued by, or for and on behalf of the Central Bank of Ceylon, shall be received in those proceedings as conclusive evidence of the fact that such document is an imitation of a foreign exchange entitlement Certificate.

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

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

I,.....Governor of the
Central Bank of Ceylon,* /Deputy Governor for the time being acting as
the chief executive officer of the Central Bank of Ceylon, do hereby certify
that I have examined the document marked.....which

purports to be a foreign exchange entitlement Certificate issued for an amount of..... and bearing number and dated..... and that such document is an imitation of a foreign exchange entitlement Certificate and is not a foreign exchange entitlement Certificate issued by, or for and on behalf of the Central Bank of Ceylon.

Signature.....

Date

(●Delete inapplicable words).

18. Any permission, consent or authority granted by the Controller of Exchange under the Exchange Control Act may be made conditional on the surrender of any foreign exchange entitlement Certificate or Certificates.

19. In this Act, unless the context otherwise requires –

“approved acceptor” means a person authorized by the Controller of Exchange to accept foreign exchange ;

“authorized dealer” means a commercial bank for the time being authorized under section 4 of the Exchange Control Act ;

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

“Certificate” means a foreign exchange entitlement Certificate ;

“Chief Accountant of the Central Bank” includes the person for the time being acting as the Chief Accountant of the Central Bank ;

“commercial bank” has the same meaning as in section 127 (1) of the Monetary Law Act ;

“foreign exchange entitlement Certificate” means a foreign exchange entitlement Certificate issued by, or for and on behalf of the Central Bank under this Act, and which authorizes the holder of such Certificate, upon the surrender thereof during the period of its validity to any authorized dealer, to purchase foreign exchange for such purposes, and subject to such terms, as may be approved by the Government from time to time and notified in the Gazette ;

“Governor” means the Governor of the Central Bank, and includes the Deputy Governor for the time being acting as the chief executive officer of that Bank ;

“terms” includes conditions ;

“this Act” includes any directions issued thereunder ;

“valid Certificate” means a Certificate which is for the time being valid.

20. The provisions of this Act shall be in addition to and not in derogation of the provisions of the Monetary Law Act or the Exchange Control Act :

Provided, however, that in the event of any conflict or inconsistency between the provisions of this Act and the provisions of the Monetary law Act or the Exchange Control Act, the provisions of this Act shall to the extent of such conflict or inconsistency prevail over the provisions of the Monetary Law Act or the Exchange Control Act.

**Ceylon State Mortgage Bank and Finance
(Amendment) Act, No. 33 of 1968**

AN ACT TO AMEND THE CEYLON STATE MORTGAGE BANK ORDINANCE,
AND THE FINANCE ACT, NO. 11 OF 1963.

(Date of Assent: June 22, 1968)

1. (1) This Act may be cited as the Ceylon State Mortgage Bank and Finance (Amendment) Act, No. 33 of 1968.

(2) The provisions of this Act, other than the provisions of the sections referred to in sub-section (3), shall come into operation on the date of enactment of this Act.

(3) The provisions of sections 31, 42 and 53 of this Act shall come into operation on such date as may be appointed by the Minister by Order published in the Gazette:

PART I

AMENDMENTS TO THE CEYLON STATE MORTGAGE BANK ORDINANCE.

2. Section 2 of the Ceylon State Mortgage Bank Ordinance, hereafter in this Act referred to as the "principal enactment", is hereby amended as follows:—

(1) by the insertion, immediately before the definition of the expression "the bank", of the following new definition:—

“agriculture” includes the raising of crops, horticulture, animal husbandry, poultry farming, dairy farming and bee-keeping; ;

(2) by the omission of the definition of the expression "branch board";

(3) by the insertion, immediately after the definition of the term "board", of the following new definition:—

‘ “Central Bank” means the Central Bank of Ceylon established under the Monetary Law Act; ’;

- (4) by the substitution, for the definition of the terms “director”, “member of a branch board”, “manager”, and “assistant manager”, of the following new definition:—

‘ “director”, “general manager”, and “deputy general manager” means the persons appointed to such offices under this Ordinance;’; and

- (5) by the insertion, immediately before the definition of the term “prescribed”, of the following new definition:—

‘ “loan” means a loan of money, and includes any overdraft, or any other monetary accommodation by whatsoever name or designation called; ’.

3. Section 3 of the principal enactment is hereby amended by the substitution, for all the words from “in Colombo” to the end of that section, of the words “to carry out the purposes of this Ordinance”.

4. Section 5 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

5. The head office of the bank shall be in Colombo. Such branch offices of the bank, as the board considers necessary, may, with the prior approval of the Minister, be established at places in Ceylon, other than Colombo. No branch office so established shall be closed except with like approval.”

5. Section 7 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

7. The bank is, subject to the provisions of this Ordinance, authorized to carry on and transact the several kinds of business specified in section 51.”.

6. The following new section is hereby inserted immediately after section 9, and shall have effect as section 9A, of the principal enactment:—

9A. No act or proceeding of the board shall be invalid by reason only of the existence of any vacancy among the directors, or any defect in the appointment of a director.”.

7. Section 15 of the principal enactment is hereby amended by the insertion, at the end of that section, of the following new sub-section;—

“(3) If it appears to the Minister that any director is temporarily unable to discharge the duties of his office on account of ill health or absence from Ceylon or for any other cause, the Minister may appoint any other person to act in place of such director.”.

8. Section 16 of the principal enactment is hereby amended in the proviso to that section, by the substitution, for the expression “ten thousand rupees”, of the expression “twenty-five thousand rupees”.

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

- (1) in sub-section (1) of that section, by the substitution, for the word “manager”, of the expression “general manager”;
- (2) in sub-section (2) of that section, by the substitution, for the expression “assistant manager”, of the expression “deputy general manager”;
- (3) in sub-section (3) of that section, by the substitution, for the expression “The manager and assistant manager”, of the expression “The general manager and deputy general manager”; and
- (4) in the marginal note to that section, by the substitution, for the expression “manager and assistant manager.” of the expression “general manager and deputy general manager.”.

10. Section 19 of the principal enactment is hereby amended as follows:—

- (1) in sub-section (1) of that section —
 - (a) by the substitution, for the word “manager” wherever it occurs in that sub-section, of the expression “general manager”; and
 - (b) by the substitution, for the expression “if, with the approval of the Minister,”, of the word “if”;
- (2) in sub-section (2) of that section, —
 - (a) by the substitution, for the expression “assistant manager”, of the expression “deputy general manager”; and
 - (b) by the substitution, for the word “manager” wherever it occurs in that sub-section, of the expression “general manager”; and
- (3) in the marginal note to that section, by the substitution, for the expression “manager and assistant manager.”, of the expression “general manager and deputy general manager.”.

11. Section 21 of the principal enactment is hereby amended in paragraph (b) of the proviso to that section, by the substitution, for the expression "if, with the approval of the Minister given with the concurrence of the Minister of Finance, he", of the expression 'if he'.
12. Section 22 of the principal enactment is hereby repealed, and the following new section substituted therefor:—
22. The board may, from time to time, appoint any duly qualified person or persons to act as legal, economic, financial or technical adviser to the bank, and any such person shall be remunerated in accordance with such scale of fees as may be prescribed."
13. The principal enactment is hereby amended by the omission of the sub-heading "(III) Branch Boards" appearing immediately after section 23 of that enactment.
14. Sections 24 to 30 (both sections inclusive) of the principal enactment are hereby repealed.
15. Section 31 of the principal enactment is hereby amended by the substitution, for the expression "manager, assistant manager," of the expression "general manager, deputy general manager,".
16. Section 34 of the principal enactment is hereby amended by the omission of the expression "every member of a branch board,".
17. Section 35 of the principal enactment is hereby amended, in paragraph (a) of that section, by the substitution, for the words "the bank upon the security of mortgages", of the words "the bank".
18. Section 51 of the principal enactment is hereby repealed, and the following new section substituted therefor:—
51. (1) Subject to the provisions of this Ordinance, the bank is authorized to carry on and transact the several kinds of business hereinafter specified, namely:—

(a) to grant loans, subject to interest, to any person for the purpose of—

- (i) the purchase or lease, or the cultivation, development or improvement of any land used, or to be used, for any purpose of agriculture;
- (ii) the purchase or lease, or the construction, repair or renewal, of any building, factory, mill, mine, machinery or equipment used, or to be used, in connection with any agricultural or other prescribed undertaking not inconsistent with the objects of the bank;

- (iii) the purchase or lease of any land for the construction of a dwelling house;
 - (iv) the construction, repair, renovation or extension of a dwelling house;
 - (v) the purchase or lease of a dwelling house;
 - (vi) the manufacture or preparation of any agricultural or other prescribed product or commodity for sale in the market;
 - (vii) any purpose incidental, accessory or ancillary to any purpose mentioned in any of the foregoing sub-paragraphs;
 - (viii) the liquidation of any debt already incurred for any purpose mentioned in any of the foregoing sub-paragraphs;
- (b) to grant loans of money, subject to interest, to any person for the purpose of conducting any agricultural business, or for the settlement of debts incurred under any mortgage provided such mortgage has been to secure a loan raised for a purpose falling within the purview of the bank;
 - (c) to finance, and to participate in, the share capital of corporations established or maintained with capital wholly or partly provided by the Government and engaged in agriculture;
 - (d) to grant loans of money to any person for the purpose of carrying out any scheme approved by the Minister of Finance for the development of agriculture;
 - (e) to carry on the business of hirepurchase in agricultural machinery, and equipment used in agriculture;
 - (f) to manage, supervise or control, with or without remuneration or to participate in the management, supervision or control, with or without remuneration, of any agricultural or other prescribed undertaking of any client of the bank where such management, supervision or control, or such participation therein appears to the board to be necessary in order to protect the interests of the bank in any loan granted by the bank;
 - (g) to act, with or without remuneration, as the technical adviser of any client of the bank, on any matter relating to any agricultural or other prescribed undertaking of such client;

- (h) to set up the necessary organization for selling or marketing any product of any agricultural or other prescribed undertaking;
- (i) to act as the agent of any client of the bank, or any other person, for the purpose of the purchase of any machinery or equipment or of any material of any description, required for the purpose of any agricultural or other prescribed undertaking of such client, or other person, as the case may be;
- (j) for the purpose of employing any surplus funds of the bank, to buy, sell, invest or deal in stocks, shares, debentures, mortgages, bonds or securities issued or guaranteed by the Government or the Central Bank;
- (k) to make arrangements for the insurance of any property mortgaged to the bank by any client of the bank;
- (l) to acquire and undertake the whole or any part of any business carried on in Ceylon by any person, being a business which the bank is authorized to carry on;
- (m) with effect from such date as may be fixed by the Minister by order published in the *Gazette*, to acquire the whole or any part or share of any agricultural, residential or business premises and dispose of such premises for the purpose of the administration of the provision of Chapter VA;
- (n) to purchase, take on lease or in exchange, hire, or otherwise acquire any movable or immovable property, and any rights or privileges which the bank may think necessary or convenient with reference to any business which the bank is authorized to carry on, or the acquisition of which the bank may deem to be necessary or advisable in order to facilitate the realization of any securities held by the bank, or to prevent or diminish any apprehended loss or liability;
- (o) to establish and support, or aid in the establishment and support of, associations, institutions, trusts or schemes for the providing of pensions and of gratuities and other funds and conveniences calculated to benefit employees of the bank or the dependants of such employees;
- (p) to improve, manage, develop, exchange, lease, mortgage, dispose of, sell, turn to account or otherwise deal with, all or any part of the property, and rights of the bank,

including any property, movable or immovable, on the security of which the bank may have made any loan, or over which the bank may have any power of disposal;

- (q) to give any guarantee or indemnity and to enter into any agreements with the Government or any local authority or with any body corporate or other person, in order to obtain any rights, concessions and privileges that may seem to the bank to be conducive to any object of the bank;
- (r) to issue debentures;
- (s) to borrow or accept deposits from the Government, or the Central Bank, or other such institutions as are approved for the purpose by the Monetary Board of, the Central Bank, on such terms and conditions as may be mutually agreed upon by them so however that the aggregate amount so borrowed and accepted as deposits at any time does not exceed the maximum limit imposed by the Minister, with the concurrence of the Minister of Finance;
- (t) to accept a contribution, not exceeding five million rupees, from the Government towards the reserve fund of the bank, subject to such terms and conditions as may be mutually agreed upon by them;
- (u) to establish and maintain any institute, or to participate in any scheme, for the provision of technical, financial and management services;
- (v) to conduct economic surveys, studies and seminars;
- (w) to train selected personnel of the bank and other persons in accountancy, banking and valuation, project and credit appraisal, and engineering and scientific skills;
- (x) to give indemnities;
- (y) to invest the funds of the bank in the shares, debentures or other appropriate securities of public or private companies engaged in agriculture;
- (z) generally to take, or concur in taking, all such steps and proceedings as the bank may deem to be best calculated to uphold and support the credit of the bank, and to do all things incidental or conducive to the attainment of the objects, or the exercise of the powers, set out in the preceding paragraphs.

(2) Any object or purpose mentioned in any paragraph of sub-section

(1) of this section shall not, except where the context expressly so requires or where any limitation or restriction has been prescribed, be in any way limited or restricted by reference to, or inference from, the terms of any other paragraph of that sub-section, or the objects therein specified, or otherwise.

(3) In this section, the expression "client of the bank" means a person who is in receipt of assistance from the bank under this Ordinance.

19. Section 52 of the principal enactment is hereby amended as follows:—

- (1) by the repeal of sub-section (1) of that section;
- (2) by the renumbering of sub-section (2) of that section as section 52;
- (3) in renumbered section 52 of that enactment, by the substitution, for the expression "shall, for the purpose of sub-section (1) and of section 3," of the expression "shall, for the purpose of section 3,"; and
- (4) by the substitution, for the marginal note to that section, of the following new marginal note:—

"Power to grant additional loans in certain circumstances."

20. Section 53 of the principal enactment, as amended by Act No. 17 of 1958, is hereby further amended as follows:—

- (1) by the substitution, for the words "shall be granted unless", of the words "shall be granted on the mortgage of property unless"; and
- (2) in paragraph (c) of that section, by the substitution, for the word "valid", of the word "satisfactory".

21. Section 54 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

54. (1) No loan shall be granted except by a resolution of the board.

Provided, however, that the board may, under section 19, empower the general manager to grant loans up to any sum not exceeding twenty-five thousand rupees:

And provided further that no loan exceeding twenty-five thousand rupees shall be granted by a resolution passed by the favourable votes of less than three directors.

(2) All loans granted by the general manager under the provisions of this section shall be reported to the board at its next meeting."

22. Section 58 of the principal enactment is hereby amended as follows: —

(1) by the repeal of sub-section (1) of that section, and the substitution therefor of the following new sub-section: —

“ (1) Repayment of loans shall be made —

(a) half-yearly, quarterly or monthly by instalments or equated payments; or

(b) in accordance with such terms as may be determined by the board.”; and

(2) by the substitution, for the marginal note to that section, of the following new marginal note: —

“Manner of repayment of loans.”.

23. Section 60 of the principal enactment is hereby amended, by the substitution, for the word “board” wherever it occurs in that section, of the word “bank”

24. The following new sections are hereby inserted immediately after section 61 of the principal enactment under the sub-heading “(iv) Recovery”, and shall have effect as section 61A, section 61B, section 61C, section 61D, and section 61E, of that enactment: —

61A. Whenever default is made in the payment of any sum due on any loan, whether on account of principal or of interest or of both, default shall be deemed to have been made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date; and the board may, in its discretion, take action as specified either in section 61B or in section 61D:

Provided, however, that where the board has in any case taken action, or commenced to take action, in accordance with section 61B, nothing shall be deemed to prevent the board at any time from subsequently taking action in that case by resolution under section 61D if the board deems it advisable or necessary to do so.

61B. Subject to the provisions of section 61E, the board may by resolution to be recorded in writing authorize any person specified in the resolution to enter upon any immovable property mortgaged to the bank as security for any loan in respect of which default has been made, to take possession of and to manage and maintain such property, and to exercise the same powers in the control and management of such property as might have been exercised by the mortgagor if he had not made default.

61C. (1) Any person authorized by resolution of the board under section 61B in respect of any property shall be entitled generally to take action in terms of the resolution and in particular —

- (a) to sell the produce of such property;
- (b) to receive the rents, profits or other income from such property;
- (c) to pay the expenses incurred in the control and management of such property out of the income from such property;
- (d) to appropriate to himself out of such income such sum (if any) as the board may deem fit to fix as remuneration for his services;
- (e) to remain in possession of such property until all moneys due to the bank under the mortgage on such property have been fully paid or until he is directed by the board to yield possession of such property under sub-section (2).

(2) Every person authorized by resolution of the board under section 61B in respect of any property shall —

- (a) pay monthly, out of the income of such property such sum (if any) as the board may in its discretion fix, to the mortgagor for his maintenance;
- (b) pay quarterly or as otherwise directed by the board to such person or persons and in such manner as the board may direct the balance of the income from such property remaining after the payments herein before authorized have been made;
- (c) keep and render to the board at such intervals as the board may determine, clear and accurate records of all sums received or paid out by him in respect of such property;
- (d) yield possession of such property to the mortgagor or some other person as directed by the board and pay to the board any balance of the income from such property remaining in his hands after the payments herein before authorized have been made.

(3) The board shall when all sums due to the bank under the mortgage • have been fully paid surrender possession of the mortgaged property to the mortgagor and return to him any balance remaining of the income from such property.

61D. Subject to the provisions of section 61E, the board may by resolution to be recorded in writing authorize any person specified in the resolution to sell by public auction any immovable property mortgaged to the bank as security for any loan in respect of which default has been made in order to recover the whole of the unpaid portion of such loan and the interest due thereon up to the date of the sale, together with the moneys and costs recoverable under section 63.

61E. (1) Save as otherwise provided in sub-section (2), the provisions of sections 61B and 61D shall apply in the case of any default notwithstanding that the borrower may have died or that any right, title or interest whatsoever in the property mortgaged to the bank as security for the loan may have passed by voluntary conveyance or operation of law to any other person.

(2) Where a borrower is dead and probate of his will or letters of administration to his estate have not been issued to any person, the District Court of Colombo or the District Court of the district in which the property, mortgaged to the bank by the borrower, is situate, may, upon application made in that behalf by the board and after service of notice of the application on such persons, if any, as the Court may order, and if satisfied that the grant of probate or the issue of letters of administration is likely to be unduly delayed, appoint a person to represent the estate of the borrower for the purposes of this section; and the provisions of sections 61B and 61D shall not apply in the case of any default made by such borrower unless and until a person is appointed under this sub-section to represent the estate of such borrower.”.

25. Section 62 of the principal enactment is hereby amended as follows:—

- (1) by the repeal of sub-sections (1) and (2) of that section;
- (2) by the renumbering of sub-section (3), sub-section (4), sub-section (5), sub-section (6), and sub-section (7) of that section as sub-section (1), sub-section (2), sub-section (3), sub-section (4), and sub-section (5), respectively, of that section;
- (3) in renumbered sub-section (2) of that section —
 - (a) by the substitution, in paragraph (a) of that sub-section, for the expression “any penal interest”, of the expression “any penal or other interest payable under the proviso to section 103”;
 - (b) by the substitution, in paragraph (b) of that sub-section, —
 - (i) for the expression “equated payment”, of the expression “equated payment or other payment”;

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- (ii) for the expression "any penal interest", of the expression "any penal or other interest payable under the proviso to section 103";
 - (iii) for the expression "the board may, in", of the expression "the bank may, in"; and
 - (iv) for the expression "sub-section (1)", of the expression "section 61D";
- (4) by the repeal of renumbered sub-section (3) of that section, and the substitution therefor of the following new sub-section: —
- “(3) (a) The board may fix an upset price below which the property shall not be sold to any person other than the bank.
- (b) In fixing an upset price the board shall have particular regard both to the outstanding amount of the loan granted of the security of the property and the current value of the property.”;
- (5) in renumbered sub-section (5) of that section by the substitution, for the expression "this section", of the expression "sections 61A to 68 (both sections inclusive)"; and
- (6) by the substitution, for the marginal note to that section, of the following new marginal note. —

“Special provisions relating to sale.”

26. Section 63 of the principal enactment is hereby amended in paragraph (b) of that section, by the substitution for the proviso to that paragraph, of the following new proviso: —

“Provided, however, that the costs incurred under this paragraph shall not exceed such percentage of the loan as may, from time to time, be fixed by the bank; and”.

27. Section 64 of the principal enactment is hereby amended, by the substitution, for the word "board", wherever it occurs in that section, of the word "bank".

28. Section 66 of the principal enactment is hereby amended as follows: —

- (1) in sub-section (3) of that section, by the substitution, for the expression "land sold in pursuance of the provisions of section 62", of the expression "property sold in pursuance of the preceding provisions of this Ordinance"; and

(2) in sub-section (4) of that section, by the substitution, —

(a) for the expression “in pursuance of the provisions of section 62”, of the expressions “in pursuance of the preceding provisions of this Ordinance”; and

(b) for the expression “the English and in the Sinhalese or Tamil language,”, of the expression “the Sinhala, Tamil and English languages,”.

29. Section 67 of the principal enactment is hereby amended, by the substitution, for the expression “nine per centem”, of the expression “the prescribed rate”.

30. Section 69 of the principal enactment is hereby amended, by the substitution, for the expression “under section 62”, of the expression “in pursuance of the preceding provisions of this Ordinance”.

31. The following new Chapter is hereby inserted immediately after Chapter V, and shall have effect as Chapter VA, of the principal enactment:—

‘CHAPTER VA

THE ACQUISITION OF CERTAIN PREMISES AND THE DISPOSAL OF SUCH PREMISES

70A. The bank shall be responsible for and charged with the administration of the provisions of this Chapter 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 Chapter, be subject to the general direction and control of the Minister.

70B. (1) Subject to the provisions of sub-section (2), the bank is hereby authorized to acquire the whole or any part or share of any agricultural, residential or business premises, if the bank is satisfied that those premises were, at any time not earlier than the first day of January, 1952, —

(a) sold in execution of a mortgage decree entered by a court against the owner of such premises (hereafter in this Chapter referred to as the “original owner”); or

(b) transferred by the owner of those premises (hereafter in the Chapter referred to as the “original owner”) to 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 Chapter referred to as the "original owner") 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 Chapter referred to as the "original owner") of that sum with or without 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) if an application in that behalf had earlier been made to the People's Bank under Part VIII of the Finance Act, No. 11 of 1963, and such Bank had determined that such premises should not be acquired; or
- (b) unless an application in that behalf has been made to the bank by the original owner of such premises or his spouse or children; or
- (c) unless the bank is satisfied that the average statutory income of the original owner 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, does not exceed a sum of ten thousand rupees; or
- (d) if the bank is satisfied that the premises to which the application relates are reasonably required for occupation as a residence for the original 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
- (e) unless, in the case of an application relating to any agricultural premises, the bank is satisfied that the original owner is not the owner of any other agricultural premises exceeding ten acres in extent.

For the purposes of paragraph (d) 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.

(3) Where the bank entertains an application for the acquisition of any premises referred to in sub-section (1), the bank shall —

- (a) cause notice of the fact to be sent by registered post to the owner of such premises;
- (b) cause a copy of such notice to be delivered or transmitted to the proper Registrar of Lands for registration, setting out the prescribed particulars relating to such premises and stating that such premises may be acquired under this Chapter.

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 premises the prescribed particulars of which are set out in such notice:

Provided that, if the bank determines that such premises shall not be acquired for the purposes of this Chapter, the bank shall forthwith cancel such notice and give written information of the cancellation to the Registrar of Lands, who shall register such cancellation.

(4) (a) Where the owner of any premises receives a notice under sub-section (3) relating to an application in respect of the premises, such owner shall not sell, gift, transfer, lease, mortgage or otherwise alienate the premises unless or until such application is dismissed by the bank.

(b) Any sale, gift, transfer, lease, mortgage or other alienation of any premises in contravention of the provisions of paragraph (a) of this sub-section shall be null and void.

(5) No civil court shall entertain any action —

- (a) in respect of any matter which is pending before the bank relating to any acquisition to be made under this Chapter; or
- (b) in respect of the validity of the procedure followed by the bank relating to such acquisition, or to the validity of such acquisition.

(6) The question whether any premises which the bank is authorized to acquire under this Chapter 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.

(7) Where the bank has determined that any premises shall be acquired for the purposes of this Chapter, 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 Chapter.

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.

70C. (1) Where the bank has determined that any premises shall be acquired for the purposes of this Chapter, the chairman of the board 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 Chapter 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 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 anyone 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 Chapter 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.

70D. (1) Notwithstanding that any premises have vested in the bank by virtue of a vesting Order, the Minister may at any time by a subsequent Order published in the *Gazette* (hereafter in this section referred to as a “divesting Order”) revoke that vesting Order.

(2) The following provision shall apply in any case where a vesting Order in respect of any premises is revoked by a divesting Order: —

(a) such premises shall be deemed never to have vested in the bank by virtue of that vesting Order, and any question which might arise as to any right, title or interest in or over such premises shall be determined accordingly; and

(b) all claims under this Chapter to the compensation payable in respect of such premises, and all proceedings taken under this Chapter in regard to such claims, before that vesting Order was revoked, shall be deemed to be null and void; and

(c) no compensation shall be payable under this Chapter in respect of the period prior to the revocation of that vesting Order during which such premises were vested in the bank.

(3) The preceding provisions of this section shall have effect notwithstanding anything in any other provision of this Ordinance or in any other written law.

70E. Where any premises are vested in the bank, the chairman of the board 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 Chapter 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.

70F. Upon the receipt of any claim made under section 70E to the compensation payable under this Chapter in respect of any premises vested in the bank, the chairman of the board 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 rule made under this Ordinance, 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 Chapter 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 objection, 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.

70G. (1) The chairman of the board shall refer to the compensation tribunal for determination of the amount of the compensation payable in respect of any property vested in the bank under this Chapter 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 Chapter referred to as a "reference for an award as to compensation".

70H. The amount of compensation to be paid under this Chapter 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 together with such interest thereon as may have been determined by the compensation tribunal, 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.

70J. The compensation payable in respect of any premises vested in the bank under this Chapter shall be considered as accruing due from the date on which those premises were so vested.

70K. (1) The amount of compensation to be paid to any person in respect of any premises vested in the bank under this Chapter 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 Chapter, the rights of the mortgagee or of the lessee, shall, notwithstanding the provisions of subsection (3) of section 70C, be limited to any sum paid under this Chapter as compensation in respect of those premises.

70L. Any compensation payable under this Chapter 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.

70M. No compensation in respect of any premises vested in the bank under this Chapter shall be paid to any person under this Chapter unless such person is entitled to such compensation according to an award (hereafter in this Chapter referred to as an "award as to compensation") made by the compensation tribunal under this Chapter.

70N. Where any compensation payable to any person under this Chapter 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 the 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 seven hundred and fifty rupees, to be drawn by the person or persons entitled thereto.

70P. (1) There shall be established, for the purposes of this Chapter, 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 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 Chapter 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,

70Q. (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 conveyed 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.

70R. (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.

70S. (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 the meeting.

70T. (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 of 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.

70U. Subject to the provisions contained in this Chapter in respect of procedure, the compensation tribunal may lay down the procedure to be observed at meetings of the tribunal.

70V. 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.

70W. (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 Chapter 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 Chapter.

70X. (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 70V and section 70W 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 Chapter; 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.

70Y. 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 Chapter 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.

70Z. 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 Chapter so acquire, it shall be lawful for any person authorized in that behalf by the chairman of the board, 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 unless he has given the owner or occupier of such premises at least seven days' written notice of his intention to enter such premises or to do such act thereon.

70AA. (1) The chairman of the board 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 70B 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 70B, the chairman of the board 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.

70BB. (1) Where any premises have been inspected by any person authorized in that behalf by the chairman of the board for the purpose of assessing the value of such premises with a view to acquiring such premises

under the provisions of this Chapter, such chairman may by written notice given in the same manner as a notice under section 70AA 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 Chapter any premises in respect of which a notice has been given to any person under sub-section (1), the chairman of the board 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.

70CC. No informality or irregularity occurring in any matter or proceeding under this Chapter shall invalidate or affect the title to any land vested in the bank under this Chapter.

70DD. All expenses incurred in the administration of this Chapter, 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 be met by the bank.

70EE. In this Chapter 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 livestock, 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 Chapter;

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

“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 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;

“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.’.

32. Section 71 of the principal enactment is hereby repealed, and the following new section substituted therefor :—

71. The board shall cause the accounts of the bank to be kept in such form and manner as may be determined by the board.”.

33. Section 72 of the principal enactment is hereby repealed.

34. Section 73 of the principal enactment is hereby repealed, and the following new section substituted therefor :—

73. No accounts of the bank shall be overdrawn to the extent of a greater sum than is authorized by the Minister with the concurrence of the Minister of Finance and the repayment of which is guaranteed by the Ceylon Government under the signature of the Minister of Finance.”.

35. Section 74 to 80 (both sections inclusive) of the principal enactment are hereby repealed.

36. Sections 82 to 85 (both sections inclusive) of the principal enactment are hereby repealed,

37. Section 87 of the principal enactment is hereby repealed.

38. Section 87A of the principal enactment is hereby amended by the substitution, for the expression “the manager, the accountant and a majority of the directors,”, of the expression “the general manager, the accountant, a majority of the directors and the auditors,”.

39. Section 89 of the principal enactment is hereby amended by the substitution, for all the words from “the half-yearly” to “examine them with”, of the words “the annual statement of accounts, and he shall examine such statement and”.

40. Section 92 of the principal enactment is hereby amended, in sub-section (1) of that section, by the substitution, in paragraph (a) of that sub section, for the expression “and privileges, the payment of bonuses to them”.

41. Section 93 of the principal enactment is hereby amended in sub-section (1) of that section as follows : —

- (1) in paragraph (a) of that sub-section, by the substitution, —
 - (a) for the expression “manager and assistant manager”, of the expression general manager and deputy general manager”; and
 - (b) for the expression “conditions of service”, of the expression “conditions of service, the payment of bonuses to them”; and
- (2) in paragraph (b) of that sub-section, by the substitution, for the expression “legal advisers,”, of the expression “legal and other advisers,”.

42. Section 94 of the principle enactment is hereby amended in sub-section (1) of that section as follows : —

- (1) by the substitution, in paragraph (d) (ii) of that sub-section, for the words and figures “and the additional purposes for which loans may be under section 51;”, of the words and figures “and the matters stated or required to be prescribed under section 51;”;
- (2) by the substitution, in paragraph (f) of that sub-section, for the words “on such loans.”, of the words “on such loans;”; and
- (3) by the insertion, at the end of that sub-section, of the following new paragraph : —
 - “(g) for carrying out or giving effect to the principles and provisions of Chapter VA, and for regulating any matter regarding the assessment and payment of any compensation, or any matter stated or required to be prescribed, under Chapter VA.”.

43. Section 98 of the principal enactment is hereby amended as follows: —

- (1) in sub-section (1) of that section, by the substitution, for the words “A director or a member of a branch board”, of the words “A director”; and
- (2) in the marginal note to that section, by the substitution, for the words “directors members of branch boards,” of the words “A director; and

44. Section 99 of the principal enactment is hereby repealed.

45. Section 100 of the principal enactment is hereby amended by the substitution, in paragraph (iii) of sub-section (1) of that section, for the expression "the manager", of the expression "the general manager".

46. Section 102 of the principal enactment is hereby repealed, and the following new section substituted therefor : —

102. (1) The common seal of the bank shall be in the custody of the general manager, and shall not be affixed to any instrument, except in the presence of the general manager or, in his absence, of the deputy general manager, and two directors, all of whom shall sign the instrument in token of their presence.

(2) The common seal of the bank may be altered in such manner as may be determined by the bank."

47. Section 103 of the principal enactment is hereby amended as follows: —

- (1) by the substitution, for the words "Any mortgage bond", of the words "Any instrument";
- (2) by the substitution, for the words "equated payment,", of the words, "equated or other payment.";
- (3) by the substitution, for the words "loan in respect of the half-year for which default has been made", of the word "loan"; and
- (4) by the insertion, at the end of that section, of the following proviso: —

"Provided, however, that the board may, in its absolute discretion, waive the payment of interest at the prescribed rate referred to in the preceding provisions of this section, and may, in lieu thereof, determine that interest up to double the agreed rate shall be payable on the instalment in default for the period commencing on the date on which the instalment was due and ending on the date on which the instalment was paid."

48. Section 104 of the principal enactment is hereby amended, by the substitution, for the word "board" wherever it occurs in that section, of the word "bank".

49. The following new section is hereby inserted immediately after section 106, and shall have effect as section 106A, of the principal enactment : —

106A. The provisions of the Debt Conciliation Ordinance and the Conciliation Boards Act, No. 10 of 1958, shall not apply to, and in relation to, the bank; and accordingly such provisions shall be read and construed subject to the preceding provisions of this section."

50. The amendments made in the principal enactment by sections 40 and 41 of this Act shall be deemed, for all purposes, to have had effect from October 1, 1948, and accordingly —

- (a) the rules relating to the payment of bonuses to its manager, assistant manager, subordinate staff, and other officers and servants heretofore made by the board of directors of the Ceylon State Mortgage Bank shall be deemed to have been duly made under the principal enactment and to have been valid and effectual at all material times prior to the date of enactment of this Act;
- (b) all payments of bonuses to its manager, assistant manager, subordinate staff and other officers and servants heretofore made by or on behalf of the bank, prior to the date of enactment of this Act, shall be deemed to have been duly made under the powers conferred by the principal enactment; and
- (c) from the date of enactment of this Act, the said rules shall be in force as if they were rules duly made under the principal enactment, and may be amended, rescinded, added to or replaced by rules made under that enactment.

51. (1) Notwithstanding the change of designation of the office heretofore called the manager of the Ceylon State Mortgage Bank, the person, holding office as such manager on the day immediately prior to the date of enactment of this Act, shall continue in employment in the bank in the office of general manager until such time as he vacates the office of general manager.

(2) Notwithstanding the change of designation of the office heretofore called the assistant manager of the Ceylon State Mortgage Bank, the person, holding office as such assistant manager on the day immediately prior to the date of enactment of this Act, shall continue in employment in the bank in the office of deputy general manager until such time as he vacates the office of deputy general manager.

52. Wherever in any provision of any other written law (other than the principal enactment), or of any notice, permit, communication, form or other document issued, made, required or authorized by or under the principal enactment or any other such law, the expression "manager of the Ceylon State Mortgage Bank", or the expression "assistant manager of the Ceylon State Mortgage Bank", occurs, there shall be substituted therefor the expression "general manager of the Ceylon State Mortgage Bank", or the expression "deputy general manager of the Ceylon State Mortgage Bank", as the case may be;

and accordingly wherever in any such provision the abbreviation "manager" is used to denote the manager of the Ceylon State Mortgage Bank, or the abbreviation "assistant manager" is used to denote the assistant manager of Ceylon State Mortgage Bank such abbreviation shall be read and construed as a reference to the general manager of the Ceylon State Mortgage Bank, or the deputy general manager of the Ceylon State Mortgage Bank, as the case may be.

PART II.

AMENDMENT TO THE FINANCE ACT, NO. 11 OF 1963.

53. The following new section is hereby inserted immediately after section 98, and shall have effect as section 98A, of Part VIII of the Finance Act, No. 11 of 1963:—

98A. Notwithstanding anything to the contrary in any other provision of this Part of this Act, no application under section 71 (2) of this Part of this Act shall be made to or entertained by the Bank on or after such date as may be fixed in that behalf by the Minister by Order published in the Gazette."

Bank of Ceylon (Amendment) Act, No. 34 of 1968

AN ACT TO AMEND THE BANK OF CEYLON ORDINANCE

(Date of Assent: August 5, 1968)

1. This Act may be cited as the Bank of Ceylon (Amendment) Act, No. 34 of 1968.

2. Part II of the First Schedule to the Bank of Ceylon Ordinance is hereby amended, in item 3, by the omission of paragraphs (c) and (d) of that item.

Finance (Amendment) Act, No. 36 of 1968.

AN ACT TO AMEND THE FINANCE ACT, NO. 65 OF 1961.

(Date of Assent: August 21, 1968)

1. This Act may be cited as the Finance (Amendment) Act, No. 36 of 1968.

2. Section 22 of the Finance Act, No. 65 of 1961, in this Act referred to as the "principal Act", is hereby amended by the insertion, immediately after sub-section (1) of that section, of the following new sub-section:—

"(1A) The opening of an account in any approved bank in the name of any person, body corporate, firm or other body of persons referred to in sub-section (1) shall be deemed not to be a contravention of the provisions of sub-section (1)".

3. The following new section is hereby inserted immediately after section 22, and shall have effect as section 22A, of the principal Act:—

22A. (1) The Minister, acting on the recommendation of the Monetary Board, may from time to time, by Order published in the *Gazette*, declare that any bank, other than any bank mentioned in sub-section (1) of section 22, whose name is specified in the Order shall, from such date as shall be specified therein, be an approved bank for the purposes of this section.

(2) The Minister, acting on the recommendation of the Monetary Board, may, by Order published in the *Gazette*, amend or revoke any Order published by him under sub-section (1).

(3) The Monetary Board may, from time to time, determine the terms and conditions which shall be complied with by any approved bank. The Monetary Board shall communicate in writing every such determination to such bank.

(4) Every Order made by the Minister in pursuance of the provisions of this section shall, as soon as may be after its publication in the *Gazette*, be tabled in the House of Representatives. The House of Representatives may by resolution revoke any Order made by the Minister under this section within sixty days of the publication of such Order in the *Gazette*, and in the computation of such period of sixty days no account shall be taken of any period during which Parliament stands prorogued or dissolved. Such revocation of any Order shall be without prejudice to the validity of anything previously done thereunder.

(5) Any approved bank may open any account whatsoever in that bank in the name of any person, body corporate, firm or other body of persons referred to in section 22 (1).

(6) In section 22 and this section, the expression:

- (a) "approved bank" means any bank in respect of which an Order published by the Minister under sub-section (1) is for the time being in force;
- (b) "Monetary Board" means the Monetary Board of the Central Bank established under the Monetary Law Act.

Appropriation Act, No. 38 of 1968

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1968-69 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, 1968)

1. This Act may be cited as the Appropriation Act, No. 38 of 1968.

2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees two thousand nine hundred and seventy-one million two hundred thousand nine hundred and ninety-eight, for the service of the financial year beginning on October 1, 1968, and ending on September 30, 1969, 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 one thousand and sixty million.

The sum of rupees two thousand nine hundred and seventy-one million two hundred thousand nine hundred and ninety-eight, 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 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 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, 1970, 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 1 st 1968 and ending on September 30th 1969, under the various heads of expenditure.

The total sum payable for these services is estimated at Rupees Two thousand Nine Hundred and Seventy One Million, Two Hundred Thousand nine hundred and ninety Eight. (Rs. 2,971,200,998.00).

This sum may 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 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, the maximum limits of receipts to be credited to the Accounts of the activities of Government, the maximum limits of Debit Balances of the activities of Government and the maximum limits of liabilities of the activities of the Government. These sums shall be expended and credited in accordance with the provisions set out in Section 3 of the Act.

AN ACT TO AMEND THE FINANCE ACT, NO. 11 OF 1963.

(Date of Assent: December 24, 1968)

1. This Act may be cited as the Finance (Amendment) Act, No. 50 of 1968.

2. Section 119 of the Finance Act, No. 11 of 1963, hereinafter referred to as the "principal Act", is hereby amended as follows:-

(1) in sub-section (1) of that section, by the substitution, for the words "carries on in any place in Ceylon", of the words "carries on in Ceylon"; and

(2) in sub-section (5) of that section, by the substitution, for the words "for any year of assessment in respect of", of the words "for any year of assessment ending on or before September 30, 1968, in respect of".

3. Section 120 of the principal Act is hereby amended as follows:-

(1) by the insertion, immediately after sub-section (1) of that section, of the following subsection:-

"(1A) Where a person is chargeable with business turnover tax in respect of any business carried on by him and a change of ownership of that business occurs, then notwithstanding the provisions of sub-section (1), the new owner of that business shall be chargeable with business turnover tax as though he had been the owner of that business immediately before the occurrence of the change of ownership.";

(2) in sub-section (2) of that section-

(a) by the substitution in paragraph (a) of that sub-section, for the words "shall be deemed to be a separate business; and", of the following:-

"shall-

- (i) for any year of assessment ending on or before September 30, 1968, be deemed to be a separate business, and
 - (ii) for any year of assessment commencing on or after October 1, 1968, be deemed to be a part of the same business;”;
- (b) by the insertion, immediately after paragraph (a) of that sub-section, of the following paragraph:—
- “(aa) where businesses of a like nature are carried on by a person in the same place or in different places, the businesses so carried on by him shall, for every year of assessment commencing on or after October 1, 1968, be deemed to be one business; and”;
- (3) by the repeal of sub-section (3) of that section and the substitution therefor of the following sub-section:—
- “(3) (a) For the purposes of this Part of this Act “business” in relation to any year of assessment ending on or before September 30, 1968, includes any trade or vocation but does not include -
- (i) any profession;
 - (ii) any agricultural undertaking;
 - (iii) any undertaking for the export of any manufactured or processed article;
 - (iv) the business of a banker, financier, moneylender, pawn-broker, commission agent or broker;
 - (v) any insurance business;
 - (vi) the business of carrying on an educational establishment; and
 - (vii) any other business the turnover from which may be exempted from the business turnover tax by Order made by the Minister, approved by the House of Representatives and published in the *Gazette*.
- (b) For the purposes of this part of this Act “business” in relation to any year of assessment commencing on or after October 1, 1968, includes any trade, profession, vocation, or the business of any person taking commissions or fees in respect of any transactions or services rendered, or the business of an independent contractor but does not include—
- (i) any undertaking for the production of unmanufactured or unprocessed agricultural or animal produce;

- (ii) any undertaking for the purpose of rearing livestock or poultry;
- (iii) any undertaking for the manufacture of copra' desiccated coconut, coconut fibre, crepe rubber, sheet rubber or tea (other than an undertaking for the blending of tea);
- (iv) any undertaking for the export of any manufactured or processed article;
- (v) the business of a banker, financier, moneylender or pawnbroker;
- (vi) any insurance business;
- (vii) the business of carrying on an educational establishment; and
- (viii) any other business the turnover from which may be exempted from the business turnover tax by Order made by the Minister, approved by the House of Representatives and published in the *Gazette*;

4. Section 122 of the principal Act is hereby amended by the addition, at the end of that section, of the following sub-section:-

“(4) Where upon the final determination of an appeal made under section 138, any tax in default to which any sum or sums under sub-section (3) has or have been added is reduced, then such sum or sums shall be calculated on the tax as so reduced.”

5. The following new section is hereby inserted immediately after section 123, and shall have effect as section 123A, of the principal Act:-

123A. The Commissioner may from time to time prescribe the forms to be used for all or any of the purposes of this Act; and any form so prescribed may from time to time be amended or varied by the Commissioner, or some other form may be substituted by the Commissioner in place of any form so prescribed.”

6. Section 125 of the principal Act is hereby amended as follows:-

(a) by the renumbering of that section as sub-section (1) of section 125;

(b) by the addition, immediately after the renumbered sub-section (1), of the following sub-section:-

“(2) Where an assessment is made under sub-section (1) in respect of any person for any quarter in any year of assessment, the amount so assessed shall be deemed to be business turnover tax in default for that quarter and accordingly such person shall, from the date on which such person should have paid the tax for that quarter under section 122 (2), be liable to the penalty under section 122 (3) in respect of such amount.”

7. Section 128 of the principal Act is hereby amended in paragraph (c) of that section by the substitution, for the words “money received”, of the words “money received or receivable.”

8. Section 138 of the principal Act is hereby amended as follows:-

- (1) in sub-section (1) of that section by the substitution, for the words “by such assessment or additional assessment.”, of the words “by such assessment or additional assessment together with any penalty imposed on him by this Part of this Act:

Provided that the Commissioner, upon being satisfied that owing to absence from Ceylon, sickness or other reasonable cause, the appellant was prevented from appealing within such period, shall grant an extension of time for preferring the appeal.”; and

- (2) by the insertion, immediately after sub-section (1), of the following sub-sections:-

“(1A) Where the assessment appealed against has been made in the absence of a return, the petition of appeal shall be sent together with a return duly made.

(1B) A petition of appeal shall be rejected by the Commissioner-

(a) if it is made after the expiry of the period allowed under sub-section (1) for the making of an appeal, or

(b) if the appellant has failed to comply with the provisions of sub-section (1A).”

9. The following new section is hereby inserted immediately after section 138, and shall have effect as section 138A, of the principal Act:-

138A. (1) The decision of the Board shall be final:

Provided that either the appellant or the Commissioner may make an application requiring the Board to state a case on a question of law for the opinion of the Supreme Court. Such application shall not be entertained unless it is made in writing and delivered to the Clerk to the Board, together with a fee of fifty rupees, within one month of the date of the Board's decision. If the decision of the Board shall be notified to the Commissioner or to the appellant in writing, the date of th

decision, for the purposes of determining the period within which either of such persons may require a case to be stated, shall be the date of the communication by which the decision is notified to him.

(2) The stated case shall set forth the facts, the decision of the Board, and the amount of the business turnover tax in dispute where such amount exceeds five thousand rupees, and the party requiring it shall transmit the case, when stated and signed, to the Supreme Court within fourteen days after receiving the same.

(3) For the purpose of the application of the provisions of the Stamp Ordinance—

(a) all proceedings before the Supreme Court on any case stated under this section or incidental to the hearing, determination or disposal of any such case, shall be deemed to be civil proceedings before the Supreme Court of the value of five thousand rupees, or of such greater amount as may be set forth by the Board under sub-section (2) as the amount of the business turnover tax in dispute;

(b) every such case stated shall, together with all books, documents and papers annexed thereto by the Board, be deemed to be a single exhibit in civil proceedings before the Supreme Court; and

(c) the Commissioner, if he is the appellant, shall be deemed to be a Government officer suing, or if he is the respondent to the appeal, a Government officer being sued, in a suit *virtute officii*.

(4) At or before the time when he transmits the stated case to the Supreme Court, the party requiring in shall send to the other party notice in writing of the fact that the case has been stated on his application and shall supply him with a copy of the stated case.

(5) Any two or more Judges of the Supreme Court may cause a stated case to be sent back for amendment, and thereupon the case shall be amended accordingly.

(6) Any two or more Judges of the Supreme Court shall hear and determine any question of law arising on the stated case and may in accordance with the decision of the court upon such question confirm, reduce, increase, or annul the assessment determined by the Board, or may remit the case to the Board with the opinion of the court thereon. Where a case is so remitted by the court, the Board shall revise the assessment as the opinion of the court may require.

(7) In any proceedings before the Supreme Court under this section, the court may make such order in regard to costs in the Supreme Court and in regard to the sum paid under sub-section (1) as to the court may seem fit.

(8) For the purpose of enabling the Commissioner or any other party to appeal to Her Majesty in Council against any order of the Supreme Court under sub-section (6) and for the purpose of the application of the provisions of the Appeals (Privy Council) Ordinance—

- (a) an order made by the Supreme Court under sub-section (6) shall together with any order of that court under sub-section (7), be deemed to be a final Judgment of the Supreme Court in a civil action between the Commissioner and such other party;
- (b) the value of the matter in dispute in such civil action shall be deemed to be five thousand rupees;

Provided that where the Board has, under sub-section (2), set forth a higher amount than five thousand rupees as the the amount of the tax in dispute, the value of the matter in dispute in such civil action shall be the higher amount so set forth by the Board; and

- (c) the Commissioner on any appeal to Her Majesty in Council, shall not be required to make any deposit or pay any fee or furnish any security prescribed by or under the Appeals (Privy Council) Ordinance."

10. Section 151 of the principal Act is hereby amended in sub-section (5) of that section, as follows:—

- (1) by the insertion, immediately after paragraph (a) of that sub-section, of the following paragraph:—

"(aa) open and examine any receptacle where any book of account, register, record or other document may be found and make an inventory of any of the articles found therein;"

- (2) in paragraph (b) of that sub-section, by the substitution, for the words "take copies of," of the words "examine and take copies of,"; and
- (3) by the insertion, immediately after paragraph (b) of that sub-section, of the following paragraph:—

"(bb) count and make a record immediately of the cash found in such place or building;"

11. Section 152 of the principal Act is hereby amended as follows:—

- (1) by renumbering of that section as sub-section (1) of that section; and
- (2) by the addition, immediately after the renumbered sub-section (1), of the following sub-section.-

“(2) Where it is proved to the satisfaction of the Commissioner by claim made in writing that any person has paid any sum referred to in sub-section (3) of section 122 which is in excess of the sum which he should have paid if such sum were calculated in accordance with the provisions of sub-section (4) of that section, such person shall be entitled to have refunded the amount so paid in excess, if such claim is made within three years of the end of the year of assessment in which the sum referred to in the aforesaid sub-section (3) was paid.”

12. Section 154 of the principal Act is hereby amended in sub-section (4) of that section by the substitution, for the words “necessary for the performance of any duty under this Part of this Act and the Commissioner may,”, of the words “necessary for the performance of any duty under this Part of this Act or under any such other written law and the Commissioner may;”.

13. (1) Section 159 of the principal Act is hereby amended in sub-section (1) of that section as follows:-

- (a) by the substitution, for the definition of “authorized representative”, of the following new definition:-

“authorized representative” means any individual-

- (1) who is authorized in writing by a person to act on his behalf for the purposes of this Act and who is-

(a) in any case-

(i) a member of the Institute of Chartered Accountants of Ceylon,

(ii) an accountant approved by the Commissioner,

(iii) an advocate or a proctor, or

(iv) an employee regularly employed by the person concerned;

(b) in the case of an individual, a relative;

(c) in the case of a company, a director or the secretary;

(d) in the case of a partnership, a partner;

(e) in the case of a body of persons, a member of such body; or

- (2) who is authorized in writing from time to time, by a person to act on his behalf for the purposes of this Act in respect of matters relating to such year of assessment as is specified in the authorization and who, being an individual registered as an auditor under the Companies (Auditors) Regulations, is approved by the Commissioner;';
- (b) in the definition of "body of persons", by the substitution, for the words "and any Hindu undivided family but does not include a company or a partnership;"; of the words "any partnership and any Hindu undivided family;"; and
- (c) in the definition of "turnover", by the substitution, for the words "in respect of that business", of the words "in respect of that business or for services performed in carrying on that business".

(2) The amendment made in the principal Act by paragraph (b) of sub-section (1) of this section shall be deemed to have come into force on January 1, 1964.

Circular No. 26

Central Bank of Ceylon,
P. O. Box 590,
Colombo.
May 5, 1968.

Central Bank's Rates of Interest on Advances
(Reference: Sections 83 and 87 of the Monetary Law Act)

1. With effect from May 6, 1968, the rate of interest on advances by the Central Bank to commercial banks secured by the pledge of Government and Government guaranteed securities shall be $5\frac{1}{2}\%$ per annum.
2. With effect from May 6, 1968, the rate of interest on advances by the Central Bank to commercial Banks secured by the pledge of Usance Promissory Notes relating to Commercial and Production loans shall be $5\frac{1}{2}\%$ per annum.
3. Circular No. 20 of May 27, 1965, is hereby withdrawn.

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

W. TENNEKOON
Governor,
Central Bank of Ceylon.

Circular No. 27

Central Bank of Ceylon,
P. O. Box No. 590,
Colombo 1.
May 30, 1968.

Commercial Bank Credit

Circular No. 17 of December 28, 1962, is hereby amended by the addition of the following sentence at the end of the first paragraph thereof.

"The Central Bank would however be willing to consider, at the request of a commercial bank on behalf of a customer, a relaxation of the restriction on bank credit in respect of the purchase of immovable property (other than estates) in instances where it is satisfied that a case exists for the grant of such relaxation."

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

W. TENNEKOON
Governor
Central Bank of Ceylon.

Circular No. 28

Central Bank of Ceylon,
P. O. Box 590,
Colombo.
August 14, 1968.

Rates of exchange for purchase of foreign currency notes

1. The Central Bank's rates for the purchase of foreign currency notes from commercial banks in Ceylon will be as follows:-

Currency		Central Bank's Buying Rate
		Rs. cts.
Australian Dollars	(per \$. 1/-)	6.55
Austrian Schillings	(per Sch. 100/-)	22.40
Canadian Dollars	(per \$. 1/-)	5.40
Hongkong Dollars	(per \$. 10/-)	9.60
Italian Lira	(per lira 1000/-)	9.30
Malaysian Dollars	(per \$. 10/-)	19.05
Netherlands Florins	(per Fl. 10/-)	16.10
Singapore Dollars	(per \$. 10/-)	19.05
Swiss Francs	(per Fcs. 10/-)	13.35
U. K. Pounds	(per £. 1/-)	14.05
U. S. Dollars	(per \$. 1/-)	5.85

2. The following rates are applicable to commercial banks' purchases of the foreign currency notes referred to in paragraph 1 above.

Currency		Commercial Banks' Minimum Buying Rate
		Rs. cts.
Australian Dollars	(per \$. 1/-)	6.50
Austrian Schillings	(per Sch. 100/-)	22.35
Canadian Dollars	(per \$. 1/-)	5.35
Hongkong Dollars	(per \$. 10/-)	9.55
Italian Lira	(per lira 1000/-)	9.25
Malaysian Dollars	(per \$. 10/-)	19.00
Netherlands Florins	(per Fl. 10/-)	16.05
Singapore Dollars	(per \$. 10/-)	19.00
Swiss Francs	(per Fcs. 10/-)	13.30
U. K. Pounds	(per £. 1/-)	14.00
U. S. Dollars	(per \$. 1/-)	5.80

K. GUNARATNAM
Chief Accountant

W. TENNEKOON
Governor

Circular No. 28
(Revised - 28.8.68)

Central Bank of Ceylon,
P. O. Box 590,
Colombo.
August 28, 1968.

Rates of exchange for purchase of foreign currency notes

1. The Central Bank's rates for the purchase of foreign currency notes from commercial banks in Ceylon will be as follows:-

Currency		Central Bank's Buying Rate
		Rs. cts.
Australian Dollar	(per \$. 1/-)	6.55
Austrian Schillings	(per Sch. 100/-)	22.40
Canadian Dollars	(per \$. 1/-)	5.40
Deutsche Marks		
(West Germany)	(per DM. 10/-)	14.55
Hongkong Dollars	(per \$. 10/-)	9.60
Italian Lira	(per lira 1000/-)	9.30
Malaysian Dollars	(per \$. 10/-)	19.05
Netherlands Florins	(per Fl. 10/-)	16.10
Singapore Dollars	(per \$. 10/-)	19.05
Swiss Francs	(per Fcs. 10/-)	13.35
U. K. Pounds	(per £. 1/-)	14.05
U. S. Dollars	(per \$. 1/-)	5.85

2. The following rates are applicable to commercial banks' purchases of the foreign currency notes referred to in paragraph 1 above.

Currency		Commercial Banks' Minimum Buying Rates
		Rs. cts.
Australian Dollars	(per \$. 1/-)	6.50
Austrian Schillings	(per Sch. 100/-)	22.35
Canadian Dollars	(per \$. 1/-)	5.35
Deutsche Marks		
(West Germany)	(per DM. 10/-)	14.50
Hongkong Dollars	(per \$. 10/-)	9.55
Italian Lira	(per lira 1000/-)	9.25
Malaysian Dollars	(per \$. 10/-)	19.00
Netherlands Florins	(per Fl. 10/-)	16.05
Singapore Dollars	(per \$. 10/-)	19.00
Swiss Francs	(per Fcs. 10/-)	13.30
U. K. Pounds	(per £. 1/-)	14.00
U. S. Dollars	(per \$. 1/-)	5.80

K. GUNARATNAM
Chief Accountant

W. TENNEKOON
Governor

Circular No. 28
(Revised) - 18.9.68)

Central Bank of Ceylon,
P. O. Box 590,
Colombo.
18th September 1968.

Rates of Exchange for Purchase of Foreign Currency Notes

1. The Central Bank's rates for the purchase of currency notes from commercial banks in Ceylon will be as follows:-

Currency		Central Bank's Buying Rate
		Rs. cts.
Australian Dollars	(per \$. 1/-)	6.55
Austrian Schillings	(per Sch. 100/-)	22.40
Canadian Dollars	(per \$. 1/-)	5.40
Deutsche Marks		
(West Germany)	(per DM. 10/-)	14.55
French Francs	(per FF. 10/-)	11.80
Hongkong Dollars	(per \$. 10/-)	9.60
Italian Lira	(per lira 1000/-)	9.30
Malaysian Dollars	(per \$. 10/-)	19.05
Netherlands Florins	(per Fl. 10/-)	16.10
Singapore Dollars	(per \$. 10/-)	19.05
Swiss Francs	(per Fcs. 10/-)	13.35
U. K. Pounds	(per £. 1/-)	14.05
U. S. Dollars	(per \$. 1/-)	5.85

2. The following rates are applicable to commercial banks' purchases of the foreign currency notes referred to in paragraph 1 above.

Currency		Commercial Banks' Minimum Buying Rate
		Rs. cts.
Australian Dollars	(per \$. 1/-)	6.50
Austrian Schillings	(per Sch. 100/-)	22.35
Canadian Dollars	(per \$. 1/-)	5.35
Deutsche Marks		
(West Germany)	(per DM. 10/-)	14.50
French Francs	(per FF. 10/-)	11.75
Hongkong Dollars	(per \$. 10/-)	9.55
Italian Lira	(per lira 1000/-)	9.25
Malaysian Dollars	(per \$. 10/-)	19.00
Netherlands Florins	(per Fl. 10/-)	16.05
Singapore Dollars	(per \$. 10/-)	19.08
Swiss Francs	(per Fcs. 10/-)	13.30
U. K. Pounds	(per £. 1/-)	14.00
U. S. Dollars	(per \$. 1/-)	5.80

K. GUNARATNAM
Chief Accountant.

W. TENNEKOON
Governor.

Circular No. 29

Central Bank of Ceylon,
P. O. Box 590,
Colombo.
November 1, 1968.

Refinance — Rates of interest on Medium & Long Term Credit

Reference: Section 88 A (1) (c) of the Monetary Law Act (as provided by Section 67 of the Finance Act No. 11 of 1963).

The rates of interest on refinance loans granted by the Central Bank to credit institutions:—

- (a) for the promotion or development of agriculture or industry shall be 4% per annum, provided that the credit institutions which avail themselves of this facility do not charge more than 7% per annum on loans granted by them to their customers and for which they have sought refinance from the Central Bank,
- (b) for the modernisation of tea factories and/or construction of new tea factories where the Tea Controller meets a part of the interest payable on such loans shall be:—
 - (i) 5% per annum in respect of refinance loans to cover the local costs of such tea factory modernisation and/or construction of new tea factories provided that the credit institutions which avail themselves of this facility do not charge more than 8½% per annum on loans granted by them and for which they have sought refinance from the Central Bank,
 - (ii) 7% per annum in respect of refinance loans to cover the foreign exchange costs of such tea factory modernisation and/or construction of new tea factories provided that the credit institutions which avail themselves of this facility do not charge more than 8½% per annum on loans granted by them to their customers and for which they have sought refinance from the Central Bank.
- (c) for the promotion or development of trade, commerce or business shall be 5½% per annum.

Circular No. 23 of April 6th, 1966 is hereby cancelled

K. GUNARATNAM
Chief Accountant

W. TENNEKOON
Governor