

## APPENDICES

## APPENDIX I

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- (A) EXTRACTS OF MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON IN 1970, WHICH RELATE TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS.
  
- (B) MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1970.

(A) Major Legal Enactments of 1970 relating to the Functions and Operations of the Central Bank and other Banking Institutions in Ceylon.

*Agricultural and Industrial Credit Corporation (Amendment) Act, No. 5 of 1970.*

AN ACT TO AMEND THE AGRICULTURAL AND INDUSTRIAL CREDIT CORPORATION ORDINANCE.

(Date of Assent: January 27, 1970)

1. This Act may be cited as the Agricultural and Industrial Credit Corporation (Amendment) Act No. 5 of 1970.

(2). Section 51 of the Agricultural and Industrial Credit Corporation Ordinance is hereby amended in sub-section (1) of that section by the insertion, immediately after paragraph (n) of that sub-section, of the following new paragraph:-

“(nn) to borrow, or accept deposits of, money from the Government, the Central Bank of Ceylon, or from any other source approved by the Monetary Board of such Bank, on such terms and conditions as may be determined by agreement between the corporation and the Government, or such Bank, or such other source, as the case may be;”.

**Ceylon State Mortgage Bank (Amendment) Act, No. 6 of 1970.**

**AN ACT TO AMEND THE CEYLON STATE MORTGAGE BANK ORDINANCE**

(Date of Assent: January 27, 1970)

1. This Act may be cited as the Ceylon State Mortgage Bank (Amendment) Act, No. 6 of 1970.

2. Section 2 of the Ceylon State Mortgage Bank Ordinance (as amended by Act No. 33 of 1968), hereafter in this Act referred to as the "principal enactment", is hereby further amended in the definition of the term "loan" by the substitution, for the expression "designation called;", of the expression "designation called, but does not include any salary advances to the staff of the bank;".

3. Section 10 of the principal enactment is hereby replaced and the following new section substituted therefor:-

10. Every director shall ordinarily be appointed for a term of three years and he shall hold office for that period unless he dies, retires, or is removed or disqualified earlier."

4. Section 12 of the principal enactment is hereby amended as follows:-

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

"(1) The Minister may, without assigning any reason, remove a director from office. "; and

(b) in sub-section (4) of that section, by the substitution, for the expression "No Member of Parliament", of the expression "No Senator or Member of Parliament".

5. The following new section is hereby inserted immediately after section 17, and shall have effect as section 17A, of the principal enactment:-

17A. The Minister may, in consultation with the Monetary Board of the Central Bank, issue general directions to the board on matters of policy."

6. Section 20 of the principal enactment is hereby amended by the substitution, for the expression "fix and alter the", of the expression "fix and alter, subject to the succeeding provisions of this Act, the."

7. (1) Section 70B of the principal enactment (inserted by Act No. 33 of 1968) is hereby amended in paragraph (d) of sub-section (2) of that section by the substitution, for the words "original owner", of the word "owner".

(2) The amendment made in the principal enactment by sub-section (1) shall be deemed, for all purposes, to have come into operation on August 1, 1968,

8. Section 92 of the principal enactment is hereby amended as follows:-

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

“(a) subject to the provisions of sub-section (1A), prescribing the sub-ordinate staff to be employed by the bank, their conditions of service, rights, duties and privileges, and any other matters connected therewith;” and

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

“(1A) Nothing in paragraph (a) of sub-section (1) shall be deemed or construed to authorize or empower the board to make rules in respect of the subordinate staff of the bank relating to any of the matters referred to in paragraph (c) of section 93 (1).”

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

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

“(a) prescribing the powers and duties of the general manager and deputy general manager of the bank and their conditions of service, and any other matters connected therewith;” ; and

(2) by the substitution, for paragraph (c) of that sub-section, of the following new paragraph:-

“(c) prescribing the salaries, bonuses, and allowances (whether travelling or subsistence or otherwise) to be paid to the staff of the bank;”.

**Employees' Provident Fund (Amendment) Act No. 16 of 1970**

**AN ACT TO AMEND THE EMPLOYEES' PROVIDENT FUND**

**ACT, NO. 15 OF 1958**

(Date of Assent: March 24, 1970)

1. This Act may be cited as the Employees' Provident Fund (Amendment) Act, No. 16 of 1970.
2. Section 5 of the Employees' Provident Fund Act, No. 15 of 1958, hereinafter referred to as the "principal Act", is hereby amended in paragraph (k) of that section as follows:-
  - (a) by the substitution, for the words "shall deduct", of the words, "shall subject to the provisions of section 7A, deduct"; and
  - (b) by the substitution, for the words, "in carrying out the provisions of this Act"; of the words "in carrying out their respective functions under this Act;"
3. The following new section is hereby inserted immediately after section 7, and shall have effect as section 7A, of the principal Act:-

7A. The expenses incurred by the Commissioner in carrying out the provisions of this Act shall be charged on the Consolidated Fund of Ceylon:  
Provided, however, that the expenses incurred by the Commissioner in carrying out the provisions of Part V of this Act shall be paid out of the income from the investment of moneys of the Fund"
4. Section 14 of the principal Act is hereby amended in sub-section (1) of that section, as follows:-
  - (1). by the omission of paragraphs (a) and (b) of the proviso to that sub-section;
  - (2) by the relettering of paragraphs (c) and (d) of that proviso as paragraphs (a) and (b) thereof; and
  - (3) in relettered paragraph (a) of that proviso:-
    - (i) by the substitution, for the words "interest at the rate of" of the words, "interest at such rate not less than"; and
    - (ii) by the substitution, for the words "date of termination", of the words "end of the month immediately preceding the date of termination".

**Prevention of the Avoidance of Tax Act, No. 26 of 1970**

AN ACT TO ENABLE SPECIAL MEASURES TO BE TAKEN FOR THE COLLECTION OF INCOME TAX, TO PREVENT THE LOSS TO REVENUE THROUGH THE EVASION OF SUCH TAX, AND TO MAKE MODIFICATIONS TO THE MONETARY LAW ACT CONNECTED WITH OR INCIDENTAL TO SUCH SPECIAL MEASURES.

(Date of Assent: November 1, 1970)

WHEREAS there has been serious and widespread evasion of income tax:

And whereas the hoarding of currency notes of large denominations is widely-practised as a means of such evasion:

And whereas it is expedient that immediate steps should be taken for the collection of the taxes so evaded:

1. This Act may be cited as the Prevention of the Avoidance of Tax Act, No 26 of 1970.

2. As from October 26, 1970, the provisions of sections 55,56 and 57 of the Monetary Law Act shall cease to apply to all currency notes of the denominations of hundred rupees and fifty rupees, bearing a date earlier than October 26, 1970, hereafter in this Act referred to as "old currency notes".

3. (1) On November 3, 1970, all old currency notes shall cease to be legal tender and shall, except as otherwise expressly provided by this Act, cease to be the liability of the Central Bank, and accordingly the bearer of any such note shall not be entitled to any compensation.

(2) Subject to the provisions of sub-section (4), until and including November 25, 1970, a person in possession of any old currency notes belonging to him may surrender or cause to be surrendered such notes to any scheduled bank, if but only if a written declaration, in such form as may be provided by the Central Bank, made and signed by him in duplicate is presented at the time of such surrender, and such bank is hereby authorized and required to accept, as agent of the Central Bank, the notes so surrendered.

(3) Where any person has surrendered old currency notes under sub-section (2) to any scheduled bank on or before November 2, 1970, such bank shall, —

(a) if the value of the old currency notes so surrendered does not exceed one thousand rupees, pay to such person the value of the currency notes so surrendered, such payment being made by currency notes of the same denomination of the old currency notes so surrendered as far as possible; or

(b) if the value of the old currency notes so surrendered exceeds one thousand rupees, pay to such person a sum not exceeding one thousand rupees, such payment being made by notes of the same denominations of the old currency notes so surrendered as far as possible, and the balance value of the currency notes so surrendered shall be held in deposit to the credit of such person in that bank.

(4) Any surrender of old currency notes by any person under sub-section (2) during the period commencing on November 3, 1970, and ending on November 25, 1970, shall —

(a) if such person has an account with only one scheduled bank, be made to that bank; or

(b) if such person has an account with more than one such bank, be made to only one such bank as may be determined by him.

(5) Where any person has surrendered old currency notes to any scheduled bank in accordance with the provisions of sub-sections (2) and (4), such bank shall credit his account with an amount equal to the value of such currency notes.

(6) Where any person has, during the period commencing on November 3, 1970, and ending on November 25, 1970, surrendered old currency notes under sub-section (2) to any scheduled bank in which he has no account, such bank shall hold in deposit the value of such currency notes to the credit of such person.

(7) If any scheduled bank has any suspicion that old currency notes surrendered to such bank under the preceding provisions of this section do not, wholly or partly, belong to the person by or on whose behalf such surrender is made, such bank may withhold any payment which it may be required to make under such provisions in respect of such surrender, until it is satisfied that the surrendered currency notes belong to such person.

4. Any scheduled bank to which any old currency notes have been surrendered under section 3 along with the declaration in duplicate required by that section shall transmit to the Commissioner of Inland Revenue one such declaration, and shall keep in its possession the other such declaration.

5. Any person who has surrendered old currency notes under the provisions of this Act to any scheduled bank may make a declaration to the Commissioner of Inland Revenue in regard to any evasion of income tax or any other tax during the years of assessment commencing on April 1, 1965, and ending on March 31, 1970.

6. (1) The Commissioner of Inland Revenue shall examine, or cause to be examined by any officer appointed under the Inland Revenue Act, any person who has made a declaration under section 5 and also that declaration, and shall levy a tax equal to 33  $\frac{1}{3}$  per centum of the income declared by such person for the purposes of that Act:



Provided, however, that where the amount of the tax so levied is less than 50 per centum of the value of the old currency notes surrendered by such person, then, the tax so levied shall be 50 per centum of the value of the old currency notes surrendered by such person:

And provided further that where such person has not given notice to an Assessor under section 81 of that Act that he is liable to income tax for any year of assessment during the period commencing on April 1, 1965, and ending on March 31, 1970, or where such person has not been required by an Assessor to make a return of income for the years of assessment during that period —

(a) a tax at the rate of 33  $\frac{1}{3}$  per centum shall be levied on the entirety of his income for that period; or

(b) if the amount of the tax computed under paragraph (a) is less than 50 per centum of the value of the old currency notes surrendered by such person, a tax equivalent to 50 per centum of the value of the old currency notes surrendered by such person shall be levied on such person.

(2) For the purposes of the levy and the recovery of the tax under this section, the provisions of the Inland Revenue Act relating to assessment and the recovery of income tax shall apply as far as is practicable.

(3) The provisions of sub-section (1) shall not apply in respect of any person if prior to the date of commencement of this Act an Assessor has had reason to believe that such person had made an incorrect return of income and an inquiry into the matters arising out of such return has commenced or the declaration under section 5 includes any income which has been invested to the extent of such investment.

7. Where any sum of money is held in deposit to the credit of any person by any scheduled bank under this Act, such bank shall not permit such person to withdraw the whole or any part of such sum until the expiry of three clear working days after the date on which such deposit was made.

8. Where the payment of any sum of money held in deposit in any scheduled bank under this Act to the credit of any person is withheld or refused by such bank otherwise than in conformity with the provisions of section 7, such person may bring an action against the Attorney-General for the recovery of the money so held in deposit, and in any such action the onus shall be on the plaintiff to prove that the currency notes surrendered under this Act to which such deposit so relates belonged to such person. Such person shall not be entitled to any other remedy in any court, whether by way of action or application or writ, for the recovery of the money constituting such deposit.

9 Any act or thing done by any officer of any scheduled bank or any other person under the provisions of this Act shall, in any action or other proceedings taken in any court against such officer or other person arising out of or in connection with such act or thing, be deemed to have been lawfully done by such officer or other person until the contrary is proved in such action or proceedings.

10. The Central Bank is hereby empowered and authorized by general or special order to exempt any person or institution from the obligations arising from any of the provisions of this Act.

11. Any person who —

- (a) makes a false or inaccurate declaration under this Act, or aids or abets any other person to make any such declaration; or
- (b) obstructs, or aids or abets any other person to obstruct, any officer of any scheduled bank or any other person exercising, performing or discharging any power, duty or function under this Act; or
- (c) fails to comply with the provisions of sub-section (4) of section 3, or aids or abets any other person to contravene such provisions; or

(d) fails to comply with any direction issued to him under section 12, shall be guilty of an offence and shall on conviction after summary trial before a Magistrate be liable to imprisonment of either description for a period of two years.

12. The Central Bank may, from time to time direct any other scheduled bank to furnish to the Central Bank, within such period as shall be specified in the direction, all such information as may be necessary for the purpose of enabling the effective enforcement of the provisions of this Act, and it shall be the duty of the manager of such other scheduled bank to comply with such direction.

13. Notwithstanding that the Central Bank is a scheduled bank, the Central Bank shall not be obliged to accept or hold deposits under this Act.

14. The provisions of this Act shall be deemed, for all purposes, to have come into force on October 26, 1970.

15. In this Act, unless the context otherwise requires —

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

“scheduled bank” means the Central Bank or any commercial bank within the meaning of the Monetary Law Act or the Ceylon Savings Bank.

**Bank Debits Tax Act, No. 27 of 1970**

AN ACT TO IMPOSE A TAX ON DEBITS MADE AGAINST CURRENT ACCOUNTS IN COMMERCIAL BANKS AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

Date of Assent: November 1, 1970

1. This Act may be cited as the Bank Debits Tax Act, No. 27 of 1970, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

2. (1) Subject to the provisions of section 3, a tax on the total amount of the debits made during each calendar month against each current account shall be charged at the rate of one-tenth of one *per centum* of such amount or at such other rate as may from time to time be determined by resolution passed by the House of Representatives.

(2) A tax imposed by or under sub-section (1) is hereafter in this Act referred to as the tax.

3. The following debits made against current accounts shall be exempt from the tax—

- (a) debits made against any current account of the Government of Ceylon, any foreign Government, the United Nations Organization, any Specialized Agency of that Organization, the Council for Technical Co-operation in South and South-East Asia, or any international or foreign organization approved by the Minister by Order published in the *Gazette*;
- (b) debits made against any such current account of the head office in Ceylon of a commercial bank as is maintained in a branch in Ceylon of that bank;
- (c) debits made against any such current account of a branch in Ceylon of a commercial bank as is maintained in the head office in Ceylon of that bank;
- (d) debits made against any such current account of a branch in Ceylon of a commercial bank as is maintained in any other branch in Ceylon of that bank;
- (e) debits made against a current account in respect of sums withdrawn from that account for the payment of the tax;
- (f) debits made against a current account in respect of any sums that are withdrawn from that account for the purpose of opening a special current account and are credited to such special current account;
- (g) debits made against a special current account; and

- (h) such other debits or classes of debits made against current accounts as may from time to time be determined by the Minister of Finance by Order published in the *Gazette*,

4. The liability to pay the tax on the debits made during any calendar month against the current account of any person shall commence at the end of that month, and he shall be liable to pay the tax.

5. (1) Within thirty days after the end of each calendar month every commercial bank shall, according to the funds in each current account maintained in that bank, withdraw from that account a sum equal to the tax or part of the tax on the debits made against that account during that month, and shall, after deducting from the total of the sums withdrawn in pursuance of this sub-section the amount of the fee referred to in section 6, remit the balance of such total, with a statement relating thereto in the prescribed form, to the Chief Accountant of the Central Bank of Ceylon to be credited to the Consolidated Fund of Ceylon.

(2) Where any sum is withdrawn and remitted under sub-section (1) from a current account in payment of the tax, such payment shall be deemed to be with the authority of the person for whom such account is maintained and shall be a valid discharge of his liability to pay the amount of the tax so remitted.

(3) Where owing to no funds or inadequacy of funds in a current account the commercial bank in which that account is maintained is unable to collect the tax or any part of the tax on the debits made against that account during any calendar month, that bank shall, when transmitting the statement under sub-section (1), report in the prescribed form to the Chief Accountant of the Central Bank of Ceylon the name and address of the person for whom that account is maintained, the amount of the tax not collected in respect of that account, and the amount of the debits on which the amount of the tax not collected is due.

(4) Nothing in the preceding provisions of this section shall be deemed to authorize a commercial bank to refuse to pay out of the funds in a current account the whole or a part of an amount of which payment is demanded by cheque, draft, order or other instruction by the person for whom such account is maintained on the ground that the tax or any part of the tax on the debits made against such account has to be paid.

6. Every commercial bank may, as expenses of the collection and remittance of the tax, deduct and retain from the total amount collected in payment of the tax in respect of any calendar month such fee as may be prescribed.

7. Where a commercial bank reports under sub-section (3) of section 5 that it is unable to collect any amount of tax due on the debits made during any calendar month against the current account of any person, an officer of the Central Bank of Ceylon who is authorized in that behalf by the Governor of such Bank shall in writing order such person to pay, within fourteen days, after the date of the order, such amount to the Central Bank of Ceylon to be credited

to the Consolidated Fund of Ceylon. If such person fails to pay such amount to the Central Bank of Ceylon within such fourteen days, such amount shall be deemed to be in default and shall be a charge on all his assets.

8. Where the tax is in default in respect of any amount, the Deputy Secretary to the Treasury may issue a certificate containing particulars of such amount and the name and last known place of residence or place of business of the defaulter to a Magistrate having jurisdiction in the division in which such place is situate. The Magistrate shall thereupon summon such defaulter before him to show cause why proceedings for the recovery of the amount of the tax in default should not be taken against him, and, if sufficient cause is not shown, the amount of the tax in default shall by order of the Magistrate be recovered as if it were a fine imposed by the Magistrate on such defaulter, and shall, when recovered, be remitted to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund of Ceylon.

9. (1) Where any sum is paid by or on behalf, of, or recovered from, any person as the tax on any such debits as are exempted from the tax by or under section 3, such person shall, upon a claim made by him in writing in that behalf to the Deputy Secretary to the Treasury, be entitled to a refund of such sum.

(2) Any sum payable to any person under sub-section (1) shall be paid out of the Consolidated Fund of Ceylon.

10 (1) Any officer of the Central Bank of Ceylon authorized in that behalf by the Governor of that Bank may direct the commercial banks to furnish such returns as may be necessary for the purposes of this Act, and may inspect, and make copies of any entries in, the books, records and all other documents of such banks in order to ascertain whether such banks are complying with the provisions of this Act.

(2) Every commercial bank shall comply with any direction given under sub-section (1) and shall permit and assist any person empowered to do so by sub-section (1) to inspect, and make copies of any entries in, any books, records or other documents of such bank.

(3) Section 45 of the Monetary Law Act relating to the duty to maintain secrecy shall apply in regard to matters coming within the knowledge of any such officer of the Central Bank of Ceylon as is referred to in sub-section (1) in the exercise of his powers under that sub-section.

11. A commercial bank may open a special current account for a person if he declares in writing that such account is needed by him for the purpose for which alone a current account should be maintained if it is to be a special current account within the meaning of this Act.

12. (1) Any person who makes a false declaration to a commercial bank for the purpose of opening a special current account shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding one year or to both such fine and imprisonment.

(2) On the conviction of any person under sub-section (1) for making a false declaration for opening a special current account, the court shall, in addition to any other sentence, order him to pay such sum as may be found by the court to represent the tax that would have been payable on the debits made against such account if such account had been a current account and not a special current account, and shall order the commercial bank in which such account is maintained to close such account and such bank shall comply with such order. Any sum ordered to be paid under this sub-section may be recovered by order of the court as if it were a fine imposed by the court and shall, when recovered, be remitted to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund of Ceylon.

13. Where the Minister of Finance is satisfied that any special current account maintained in any commercial bank is not in fact such an account, he may in writing order that bank to close that account, and that bank shall comply with such order.

14. Where any commercial bank fails to comply with or contravenes any provisions of this Act, the manager or other chief executive officer of such bank shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

15. After the end of every three calendar months an officer of the Central Bank of Ceylon authorized in that behalf by the Governor of such Bank shall, in respect of each commercial bank, in writing certify to such Governor the total amount of such debits made during those months against the current accounts in that commercial bank as are subject to the tax, the total amount of the tax payable on those debits, the amount remitted by that commercial bank in payment of the tax, the amount retained by that commercial bank as its fee for collecting and remitting the tax, and the amount of the tax, if any, that has not been collected. Such certificate shall be transmitted by such Governor to the Deputy Secretary to the Treasury within forty-four days after the end of the three calendar months to which such certificate relates:

Provided that in respect of every outstation branch of the Bank of Ceylon and of the People's Bank, such certificate shall be under the hand of the manager of such branch, and such manager shall send such certificate, together with a copy thereof, to the said Governor before the expiry of thirty days after the end of the three calendar months to which such certificate relates.

In this section, "outstation branch" means a branch situated in Ceylon and outside the area within the administrative limits of the Colombo Municipal Council.

16. (1) The Minister of Finance may make regulations for the purpose of giving effect to the principles and provisions of this Act.

(2) Without prejudice to the generality of the powers conferred by sub-section (1), regulations may be made in respect of any matter which is stated or required by this Act to be prescribed.

(3) Any regulations made under this section shall be published in the *Gazette* and shall come into operation on such date as may be specified in those regulations as the date of operation, and, if no such date is so specified, shall come into operation on the date of such publication.

(4) Every regulation made and published under this section shall be laid, as soon as conveniently may be, on the table of the Senate and the House of Representatives at two successive meetings of the Senate and the House of Representatives and shall be brought before the Senate and the House of Representatives at the next subsequent meeting by a motion that such regulation shall not be disapproved. If such regulation is disapproved by the Senate or the House of Representatives, such regulation shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything already done under such regulation. Notice of such disapproval shall be published in the *Gazette*.

17 In this Act unless the context otherwise requires —

“commercial bank” means any commercial bank within the meaning of the Monetary Law Act and includes every branch in Ceylon of a commercial bank;

“current account” means —

- (a) an account (other than a savings account), whether in credit or otherwise, which is maintained in a commercial bank for any person and from which payments are made on demand made by him by cheque, draft, order or other instruction, and
- (b) any internal account of a commercial bank from which payments are made for defraying any expenses of that bank, including expenses of a capital nature such as the cost of purchasing any immovable property or constructing any building;

“debits” means entries made against a current account of any person in respect of the withdrawals of funds from that account by cheque, draft, order or other instruction of that person, and include the charges made by a commercial bank in the course of business to a current account maintained in that bank;

“savings account” means an account which is maintained in a commercial bank and the funds deposited in which earn interest and the withdrawals of funds from which can be made only after such intervals as are specified, or subject to such rules as are made, by that bank; and

“special current account” means a current account of any person maintained solely for the purpose of —

- (a) depositing in that account funds received by him, in the course of his business, for and on behalf of any other persons for payment to those persons, and
- (b) making payments from the funds in that account to those persons.

( i )

**(B) Major Administrative measures adopted by the Monetary Board  
in 1970**

**Circular No. 33/3**

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo - 1.  
January 3, 1970.

**Commercial Bank Credit**

Commercial banks are hereby informed that the provisions of Circular No. 33 of May 12, 1969 and of Circular No. 31/1 of June 13, 1969, will remain in force until April 30, 1970.

**K. GUNARATNAM**  
Chief Accountant.

**W. TENNEKOON**  
Governor.



Circular No. 34

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo — 1.  
January 10, 1970.

**Central Bank's Rates of interest on Advances**

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

1. With effect from January 11, 1970, 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  $6\frac{1}{2}$ % per annum.
2. With effect from January 11, 1970, 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  $6\frac{1}{2}$ % per annum.
3. Circular No. 26 of May 5, 1968 is hereby withdrawn.

K. GUNARATNAM  
Chief Accountant

W. TENNEKOON  
Governor

Circular No. 35

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo - 1.  
January 10, 1970,

**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).

With effect from January 11, 1970, 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  $6\frac{1}{2}\%$  per annum, provided that the credit institutions which avail themselves of this facility do not charge more than  $9\frac{1}{2}\%$  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  $8\frac{1}{2}\%$  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  $8\frac{1}{2}\%$  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  $7\frac{1}{2}\%$  per annum.

Circular No. 29/1 of August 19, 1969, is hereby cancelled.

K. GUNARATNAM  
Chief Accountant.

W. TENNEKOON  
Governor.

**Circular No. 36**  
Circular No. 36  
Circular No. 36  
Circular No. 36

Central Bank of Ceylon  
P. O. Box 590,  
Colombo - 1.  
April 29, 1970.

**Commercial Bank Credit**

Commercial banks are hereby informed that the provisions of Circular No. 33 of May 12, 1969, and of Circular No. 33/1 of June 13, 1969, will continue to be in force until July 31, 1970.

**K. GUNARATNAM**  
Chief Accountant

**W. TENNEKOON**  
Governor

**Circular No. 37**  
Central Bank of Ceylon  
Colombo - 1.  
May 29, 1970.

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo - 1.  
May 29, 1970.

**Transactions in Foreign Exchange Entitlement Certificates**

Commercial banks are hereby informed that until further notice sales of Foreign Exchange Entitlement Certificates (FEECs) spot as well as forward, should be suspended except where FEECs are required to retire maturing import bills or to remit foreign exchange against permits issued by the Controller of Exchange.

**K. GUNARATNAM**  
*Chief Accountant*

**W. TENNEKON**  
*Governor*

**Circular No. 38**

Central Bank of Ceylon,  
P. O. 590,  
Colombo - 1.  
July 31, 1970.

**Commercial Bank Credit**

Commercial banks are hereby informed that the provisions of Circular No. 33 of May 12, 1969 and of Circular No. 33/1 of June 13, 1969 will continue to be in force until further notice.

**K. GUNARATNAM**  
Chief Accountant

**W. TENNEKOON**  
Governor

Circular No. 39

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo — 1.  
December 15, 1970.

**Commercial Bank Credit—Margin requirements against import letters  
of credit**

Reference: Circulars No. 30 of January 30, 1969 and No. 30/1 of February 26, 1969.

Commercial banks are hereby informed that the stipulations concerning margin requirements against import letters of credit covering imports of chassis for lorries will now cease to apply.

Circulars No. 30 of January 30, 1969 and No. 30/1 of February 26, 1969 are hereby cancelled.

K.. GUNARATNAM  
Chief Accountant.

W. TENNEKON  
Governor.