

APPENDICES

APPENDIX I

- (A) EXTRACTS OF MAJOR LEGAL ENACTMENTS OF THE PARLIAMENT OF CEYLON IN 1971, WHICH RELATE TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS.

- (B) MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1971.

(A) Major Legal Enactments relating to the functions of the Central Bank and other Banking Institutions in Ceylon 1971.

Foreign Exchange Amnesty Act, No. 1 of 1971

AN ACT TO PROVIDE FOR THE MAKING OF DECLARATIONS ON OR BEFORE MARCH 31, 1971, OF ALL MOVABLE OR IMMOVABLE PROPERTY OUTSIDE CEYLON HELD BY PERSONS RESIDENT IN CEYLON IN CONTRAVENTION OF THE PROVISIONS OF THE LAW FOR THE TIME BEING IN FORCE RELATING TO EXCHANGE CONTROL, TO ENABLE ALL SUCH PROPERTY WHICH IS SO DECLARED TO BE DEALT WITH OR DISPOSED OF IN ACCORDANCE WITH SUCH DIRECTIONS AS MAY BE ISSUED FROM TIME TO TIME BY THE COMPETENT AUTHORITY IN ORDER TO GIVE FULL FORCE AND EFFECT TO THE EXCHANGE CONTROL POLICY OF THE GOVERNMENT AND THE PROVISIONS OF THIS ACT, TO INDEMNIFY THE PERSONS WHO HAVE MADE SUCH DECLARATIONS AGAINST LIABILITY TO PENALTIES OR PROSECUTIONS UNDER THE PROVISIONS OF THAT LAW, TO EXEMPT SUCH PERSONS FROM LIABILITY TO PAY INCOME TAX ON ALL SUCH PROPERTY SO DECLARED UNDER THE LAW FOR THE TIME BEING IN FORCE RELATING TO INCOME TAX, AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date of Assent: January 21, 1971)

1. This Act may be cited as the Foreign Exchange Amnesty Act, No. 1 of 1971.

2. (1). The succeeding provisions of this Act shall apply to any person resident in Ceylon who, on the date of the commencement of this Act, holds foreign assets which were acquired or possessed by him in consequence of any contravention of the provisions of the law for the time being in force relating to exchange control, other than any such person—

(a) whose conduct or activities is or are in the course of being investigated under that law for any alleged or suspected contravention of any provisions of that law; or

(b) against whom any suit or prosecution is pending before any Court for any alleged contravention of any provisions of that law.

(2) Every person to whom the succeeding provisions of this Act apply by virtue of the operation of sub-section (1) is hereafter in this Act referred to as a "person to whom this Act applies".

3. (1) A person to whom this Act applies may, on or before March 31, 1971, make a declaration in writing to the competent authority in respect of his foreign assets. Such declaration shall,—

- (a) if such person is an individual, be made by him; or
- (b) if such person is a company or a body of persons, be made by the secretary, manager or other principal officer of such company or body of persons; or
- (c) if such person is a partnership, be made by any partner of such partnership.

Such declaration is hereafter in this Act referred to as a "declaration".

(2) A declaration shall set out—

- (a) the full name and address of the person making the declaration; and
- (b) all such particulars relating to his foreign assets specified in the declaration as may be required by the competent authority.

4. Where any person to whom this Act applies makes a declaration of his foreign assets, the competent authority shall issue to such person, from time to time, relevant directions in respect of such assets.

5. The following provisions shall apply in the case of a person to whom this Act applies who has, in respect of the foreign assets disclosed by him, complied with the relevant directions issued to him by the competent authority:—

- (a) such person shall not be liable to any prosecution for an offence, or to any penalties, for any contravention of the provisions of the law for the time being in force relating to exchange control in respect of such assets; and
- (b) such person shall be exempt from the liability to pay, under the law for the time being in force relating to income tax, income tax on the income arising out of such assets:

Provided, however, that the preceding provisions of this paragraph shall not apply to any person who has been assessed to income tax on the income arising out of such assets, or where such assets or matters connected therewith are under investigation by the Commissioner of Inland Revenue or any other officer of the Department of Inland Revenue.

6. (1) The competent authority may, from time to time, issue to any person to whom this Act applies who has made a declaration of his foreign assets, or to any authorized dealer, all such general or special directions as such authority may deem necessary to give full force and effect to the exchange control policy of the Government and the provisions of this Act, and in particular, but without prejudice to the generality of the preceding provisions of this sub-section, as to the mode and manner in which such assets shall be dealt with or disposed of.

- (2) Any general or special directions issued by the competent authority under sub-section (1) to a person to whom this Act applies, or to any authorized dealer, shall be complied with by such person, or such dealer, as the case may be.
- (3) Any general or special directions issued by a competent authority under sub-section (1) may be amended or revoked, from time to time, by like directions.

7. Where a person on or before March 31, 1971, satisfies the competent authority that prior to October 25, 1970, he ceased to hold the whole or any part of the foreign assets acquired or possessed by him in consequence of any contravention of the provisions of the law for the time being in force relating to exchange control, such person shall not be liable to any prosecution for an offence, or to any penalties, for the contravention of such provisions, if, but only if, such person pays to the Commissioner of Inland Revenue as income tax on the foreign assets he has so ceased to hold an amount equal to thirty-three and one-third *per centum* of the value of such foreign assets.

8. (1) The competent authority and every officer or servant of the Department of Exchange Control of the Central Bank shall preserve and aid in preserving secrecy with regard to all matters that may come to his knowledge in the performance of his duties under this Act.

- (2) If the competent authority or any officer or servant of the Department of Exchange Control of the Central Bank communicates any matter referred to in sub-section (1) to any person other than—

- (a) a Court; or
- (b) the person to whom that matter relates or his authorized representative; or
- (c) the Monetary Board; or
- (d) the Governor of the Central Bank or an officer authorised by such Governor to obtain information regarding that matter; or
- (e) the Commissioner of Inland Revenue or an officer of the Department of Inland Revenue for the purpose of securing compliance with, or detecting evasion of, any provision of written law relating to the imposition of income tax; or
- (f) the Permanent Secretary to the Ministry of Finance,

such competent authority or officer or servant shall be guilty of an offence and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding two thousand rupees.

- 9. In this Act, unless the context otherwise requires—

“authorised dealer” has the same meaning as in the provisions of the law for the time being in force relating to exchange control;

“competent authority” means the Governor of the Central Bank of Ceylon, and includes any officer of the Bank authorized by such Governor to act on behalf of such Governor;

“foreign assets” means any movable or immovable property, outside Ceylon, of any class or description whatsoever and, without prejudice to the generality of the preceding provisions of this definition, includes foreign exchange, foreign currency, gold and securities, as defined in the provisions of law for the time being in force relating to exchange control;

“law for the time being in force relating to income tax” means the Income Tax Ordinance and the Inland Revenue Act, No. 4 of 1963, as amended from time to time by any other Act;

“law for the time being in force relating to exchange control” means the Exchange Control Act, as amended from time to time by any other Act;

“relevant directions” means any general or special directions issued by the competent authority under section 6.

Compulsory Savings Act, No. 6 of 1971

AN ACT TO PROVIDE FOR THE PAYMENT INTO A FUND OF COMPULSORY CONTRIBUTIONS COMPUTED ON THE INCOME OF PERSONS, FOR THE ESTABLISHMENT OF SUCH FUND AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date of Assent: January 29, 1971)

1. This Act may be cited as the Compulsory Savings Act, No. 6 of 1971.

2. (1) For the purposes of this Act there shall be established a fund called the Compulsory Savings Fund (hereafter in this Act referred to as “the Fund”).

(2) The Monetary Board of the Central Bank shall have custody of the moneys of the Fund.

3. Subject to the other provisions of this Act, every person shall in respect of his income for the relevant period pay to the Fund through the Commissioner a contribution computed at the appropriate rate specified in the First Schedule to this Act:

Provided, however, that —

(1) in the case of an individual other than an individual to whom the provisions of paragraph (2) or paragraph (3) apply, the contribution payable by such individual shall not exceed the amount computed at the appropriate rate specified in the Second Schedule to this Act;

- (2) in the case of an individual whose income consists solely of special income, the contribution payable by such individual shall not exceed the amount computed at the appropriate rate specified in the Third Schedule to this Act;
 - (3) in the case of an individual whose income consists of special income and income other than special income, the contribution payable by such individual shall not exceed the amount which is the aggregate of —
 - (a) the amount computed at the appropriate rate specified in the Second Schedule to this Act; and
 - (b) the amount which bears to the excess of the amount computed at the appropriate rate specified in the Third Schedule to this Act over the amount computed at the appropriate rate specified in the Second Schedule to this Act the same proportion as the special income of that individual bears to his income.
4. (1) The contribution under this Act shall not be payable to the Fund in respect of —
- (a) the income of —
 - (i) the Diplomatic Representative in Ceylon (by whatever name or title designated) of the Government of any foreign country and the High Commissioner in Ceylon of the Government of any part of Her Majesty's Dominions,
 - (ii) any such member of the staff of any Diplomatic Representative or High Commissioner referred to in sub-paragraph (i) as is a citizen or subject of the country represented by that Diplomatic Representative or High Commissioner, any such Consul or Trade Commissioner as is a citizen or subject of the country represented by him, and any such member of the staff of any Consul or Trade Commissioner as is a citizen or subject of the country represented by that Consul or Trade Commissioner,
 - (iii) any expert, adviser, technician or official whose salary or principal emolument is not payable by the Government of Ceylon and who is brought to Ceylon by the Government of Ceylon through any specialized Agency of the United Nations Organization or under the Point Four Assistance Programme of the Government of the United States of America or through the Colombo Plan Organization,
 - (iv) any trainee from abroad who is sent to Ceylon under any Technical Co-operation Programme of the United Nations Organization and its Specialized Agencies or of the Colombo Plan Organization,

- (v) any official of the United Nations Organization who is resident in Ceylon, and who is not a citizen of Ceylon, and
- (vi) any member of any naval, military or air forces of any country other than Ceylon who are in Ceylon at the request or with the concurrence of the Government of Ceylon;
- (b) the income for the relevant period of any individual if such income does not exceed six thousand rupees;
- (c) income exceeding six thousand rupees received for the relevant period by an individual from employment—
 - (i) if such individual contributes during the relevant period to the Employees' Provident Fund or to a regulated provident fund or any provident fund approved by the Commissioner for the purposes of the principal Act an amount equal to six per centum of his total earnings within the meaning of the Employees' Provident Fund Act, No. 15 of 1958, and
 - (ii) if such income does not exceed twelve thousand rupees;
- (d) income received for the relevant period from sources other than employment by an employee, where such income does not exceed one thousand two hundred rupees;
- (e) the income of any Corporation which was or is established with capital wholly provided by the Government;
- (f) the income of any class or description of persons which is exempted from the provisions of this Act by Order made by the Minister and published in the Gazette.

(2) An Order of exemption under paragraph (f) of sub-section (1) may be given retrospective effect as from any day specified in the Order, notwithstanding that such day is a day prior to the date of publication of such Order in the Gazette.

5. (A) For the purposes of this Act, the income of any person for the relevant period shall be determined in the same manner and on the same principles as the assessable income of that person would be determined for the purposes of income tax subject to the following modifications:—

- (1) The income of that person shall not include—
 - (a) any capital gain of that person arising during the relevant period;
 - (b) compensation for loss of any office or employment; and
 - (c) any sum paid to that person during the relevant period from any regulated provident fund or any provident fund approved by the Commissioner for the purposes of the principal Act or by way of

retiring gratuity, commutation of pension or refund under section 46 (1), or section 49 of the Widows' and Orphans' Pension Fund Ordinance or under any regulation which relates to any Widows' and Orphans' Pension Fund or Scheme established for the Local Government Service and which corresponds to the aforesaid section 46 (1) or section 49.

(2) The income of that person shall include —

- (a) any profits of that person during the relevant period, being the profits and income of any undertaking which are exempt from income tax under paragraph (i) or paragraph (ii) or paragraph (iii) or paragraph (iv) or paragraph (v) or paragraph (vi) or paragraph (vii) of sub-section (2) of section 6 of the principal Act;
- (b) the amount of any dividend paid to that person during the relevant period by any undertaking referred to in sub-paragraph (a) out of profits and income referred to in that sub-paragraph;
- (c) the amount of any profits and income which are exempt from income tax under section 7 of the principal Act; and
- (d) any income of that person during the relevant period being income which under section 90 or section 90A or section 90B or section 90C or section 90D or section 90E of the National Housing Act is exempt from income tax.

(3) In the case of an employee, a deduction of six hundred rupees in lieu of payments made by him as interest or as premia on insurance policies or as contributions to a regulated provident fund or to a provident fund approved by the Commissioner for the purposes of the principal Act shall be allowed or if the amount of such payments exceeds six hundred rupees a deduction of the amount actually paid by him as such interest, premia or contributions shall be allowed in determining his income for the relevant period.

(4) In the case of an individual who is not an employee, sums payable for the relevant period by way of insurance premia shall be allowed as a deduction in determining his income for the relevant period.

(5) The amount of any approved investment within the meaning of section 16C of the principal Act made by an individual during the relevant period shall be allowed as a deduction in determining his income for the relevant period.

(6) In determining the income of that person for the purposes of this Act, no deduction shall be allowed for any loss deductible under section 15 (1) (b) of the principal Act.

(B) In the case of a trust to which there are beneficiaries, the share of the income to which such beneficiaries are entitled may be deducted from the income of such trust and may be considered for the purposes of this Act as the income of the beneficiaries and accordingly each such beneficiary shall be liable to pay the contribution to the Fund in respect of his share of such income.

(C) Where the estate of a deceased person is administered by an executor, the share of the income to which the heirs are entitled may be deducted from the income of such estate and may be considered for the purposes of this Act as the income of the heirs and accordingly each such heir shall be liable to pay the contribution to the Fund in respect of his share of such income.

In this sub-section "heir" includes any person who has an interest in the estate.

6. For the purposes of this Act, the incomes of the members of a family other than the income of the head of the family shall be aggregated in the same manner as the assessable income of the members of a family are aggregated under the principal Act and the incomes so aggregated shall be deemed to form part of the income of the head of such family.

7. (1) The contribution payable under this Act by a person in respect of income derived from employment shall be paid in twelve successive monthly instalments, the first of such instalments being in respect of such income for the month of January, 1971.

(2) The employer of an employee shall deduct from the emoluments of the employee and pay to the Fund through the Commissioner the instalment of the contribution of such employee for each month not later than seven days after the last day of the month in respect of which the deduction was made, and an instalment of the contribution paid under this sub-section to the Fund by such employer on behalf of such employee shall be deemed to have been paid to the Fund by such employee.

(3) An employer who pays an instalment of the contribution of an employee shall furnish to the Commissioner at the time he pays such instalment a statement in the prescribed form setting out the income of that employee from employment and the amount paid as the instalment of the contribution of that employee.

8. (1) Every person who on January 1, 1971, is an employer and who by this Act is required to pay to the Fund the instalments of the contribution of an employee shall cause himself to be registered with the Commissioner not later than the fifteenth day of January, 1971.

(2) Every person who after January 1, 1971, becomes liable to pay the contribution of an employee shall cause himself to be registered with the Commissioner within two weeks after the date he becomes so liable.

9. Where an employer fails to pay in accordance with the provisions of section 7 the whole or a part of an instalment of the contribution of an employee, the Commissioner or an Assessor authorized by the Commissioner may by notice in writing direct such employer to pay to the Commissioner the sum of money specified in the notice on or before a date specified therein. Such sum shall be deemed to be in default and such employer shall be deemed to be a defaulter unless such employer on or before such date either pays such sum or pays the sum which he ought to have paid in respect of such instalment of contribution and furnishes the statement referred to in section 7.

10. (1) The contribution payable under this Act by a person in respect of income derived from sources other than employment during the relevant period shall be paid to the Commissioner in four quarterly instalments on or before April 15, 1971, July 15, 1971, October 15, 1971 and January 15, 1972, respectively and each such instalment shall be in respect of each successive period of three months in the relevant period. The amount of an instalment which any person who is an employee has to pay under this sub-section in respect of income from sources other than employment shall be determined on the basis of his total income.

(2) Any person who under this section pays an instalment of his contribution to the Fund shall furnish to the Commissioner at the time he pays such instalment a statement in the prescribed form setting out the income of that person from sources other than employment and the amount paid by him as an instalment of his contribution.

(3) Where any person fails to pay in accordance with the provisions of sub-section (1) the whole or a part of his instalment of contribution for any quarter, the Commissioner or an Assessor authorized by the Commissioner may by notice in writing direct such person to pay to the Commissioner the sum of money specified in the notice on or before a date specified therein. Such sum shall be deemed to be in default and such person shall be deemed to be a defaulter unless such person on or before such date either pays such sum or pays the sum which he ought to have paid in respect of such instalment of contribution and furnishes the statement referred to in sub-section (2).

11. (1) Where the contribution, or an instalment of the contribution, of any person cannot for any reason be recovered from that person and the Commissioner has reason to believe that any other person holds money forming part or the whole of the income of such person, the Commissioner may by notice in writing direct such other person to pay out of such moneys on or before a date specified in the notice, the sum specified in the notice. Such sum shall not exceed the amount due as contribution or instalment of contribution, as the case may be.

(2) Any person to whom a notice has been given under sub-section (1) who is unable to comply therewith for any reason shall within seven days after the expiration of the period specified in the notice give the Commissioner his reasons for not being able to comply with the notice.

(3) Where any person to whom a notice has been given under sub-section (1) fails to comply with the provisions of the notice or to give the Commissioner his reasons for not being able to comply with the notice, the amount specified in the notice shall be recovered from such person as though such amount represented the contribution payable by such person.

12. Where the amount of any instalment of a contribution is in default, the defaulter shall become liable to pay in addition to such amount—

- (a) a penalty of a sum equivalent to five *per centum* of such amount; and
- (b) where such amount is not paid before the lapse of thirty days after such amount had begun to be in default, a penalty of a sum equivalent to one *per centum* of such amount in respect of each further period of thirty days or part thereof during which such amount is in default:

Provided that a defaulter shall not be required to pay the penalty under this section—

- (a) if the defaulter proves to the satisfaction of the Commissioner that the failure to pay was due to circumstances beyond his control; and
- (b) if the defaulter furnishes to the Commissioner a correct return of his income and pays the amount in default.

13. (1) Where any person who under this Act is required to make a contribution to the Fund fails to pay all or any instalments of such contribution, an Assessor shall assess the amount of the contribution which such person, in the opinion of the Assessor, ought to have paid as such instalments or instalment and shall by notice in writing, require him to pay such sum on or before a date specified in the notice. The amount so assessed shall be deemed to be the amount of the contribution payable by him in respect of the relevant period.

(2) An assessment made under sub-section (1) in respect of any instalment of the contribution payable by any person shall not affect the liability of such person to a penalty under section 12 as though the amount assessed were the amount of the instalment of contribution due from that person.

14. (1) Where it appears to an Assessor that a person required to contribute to the Fund under this Act has paid as an instalment of such contribution or as such contribution an amount less than the proper amount payable by him as such instalment of contribution or contributions, the Assessor may, at any time, assess such person at the additional amount at which the instalment of the contribution or the contribution ought to have been paid by such person.

(2) Notice of an assessment under sub-section (1) shall be served on the person in respect of whom the assessment is made and such person shall pay the amount specified in the notice on or before the date specified therein.

(3) Where an additional assessment under sub-section (1) is made in respect of the entirety of the contribution payable by a person, the Assessor may apportion the amount of the additional assessment to the instalments of the contribution of that person.

(4) An assessment made under sub-section (1) in respect of any person shall not affect the liability of such person to a penalty under section 12.

15. The Commissioner may, upon good cause being adduced by any person, vary the amount of the contribution payable by such person to the Fund or any such instalment of contribution.

16. (1) Any person may, if he is dissatisfied with any assessment or additional assessment made in respect of him by an Assessor, appeal against such assessment, or additional assessment to the Commissioner within thirty days after the service of notice of such assessment, or additional assessment. Such person shall, notwithstanding the appeal, pay the amount he is required to pay by reason of such assessment or additional assessment.

(2) The Commissioner shall, before reaching his decision on an appeal made to him under sub-section (1), give the appellant an opportunity of placing his case before the Commissioner either in person or by his authorized representative.

(3) The Commissioner may, upon an appeal made to him under sub-section (1), confirm, reduce, increase or annul the assessment against which such appeal was made.

(4) Any person aggrieved by the decision of the Commissioner upon any appeal made to him under sub-section (1) may appeal from that decision to the Board of Review constituted under the principal Act and the provisions of that Act relating to appeals to the Board of Review shall, *mutatis mutandis*, apply to an appeal under this sub-section.

17. (1) In this section, "contribution" includes an instalment of the contribution, any sum required to be paid under section 9 and any penalties, fees or costs incurred.

(2) Where the amount of any contribution is in default the Commissioner shall recover such amount in the same manner as income tax in default is recoverable under the principal Act and accordingly —

(a) the provisions of section 109 of the principal Act shall, *mutatis mutandis*, apply as if such provisions were provisions of this Act and refer to the contribution payable under this Act instead of to income tax and as if the reference in that section to any other section of the principal Act were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act;

(b) the provisions of section 110 of the principal Act shall, *mutatis mutandis*, apply as if such provisions were provisions of this Act and refer to collectors of contributions, contributions and collector of contributions instead of to tax collectors, tax and tax collector;

(c) the provisions of section 111 of the principal Act shall, *mutatis mutandis*, apply as if such provisions were provisions of this Act and refer to the contribution payable under this Act instead of to income tax, and as if the reference in that section to any other section of the principal Act were a reference to the provisions of that other section applied as if they were provisions of this Act in the manner indicated in this Act;

- (d) the provisions of section 111A of the principal Act shall, *mutatis mutandis*, apply as if such provisions were provisions of this Act and refer to the contribution payable under this Act instead of to income tax and as if the reference to an appeal under Chapter XII of the principal Act were a reference to an appeal under this Act;
- (e) the provisions of section 112 and of section 113 of the principal Act shall, *mutatis mutandis*, apply as if such provisions were provisions of this Act and refer to the contribution payable under this Act instead of to income tax;
- (f) the provisions of section 114 of the principal Act shall, *mutatis mutandis*, apply as if such provisions were provisions of this Act and refer to the contribution payable under this Act instead of to income tax and as if the reference in that section to any Chapter of the principal Act were a reference to the provisions of that Chapter applied as if they were provisions of this Act in the manner indicated in this Act.

18. (1) All sums paid to or recovered by the Commissioner by way of contributions under this Act shall be paid by him to the Fund.

(2) All sums recovered by the Commissioner by way of penalties imposed under this Act shall be paid by him into the Consolidated Fund.

19. The Monetary Board of the Central Bank shall cause to be issued a certificate in respect of any instalment of the contribution paid by any person to the Fund. Such certificate, in the case of an employee, shall be sent to him through his employer.

20. Every sum paid as an instalment of the contribution payable to the Fund shall, if it lies in deposit for not less than two years, carry in respect of the first two years interest at five *per centum* per annum and in respect of subsequent years interest at such rate as the Minister may determine. Interest shall accrue from the first day of the month immediately following the month in which the sum was paid to the Commissioner.

21. (1) Every person who by this Act is required to pay a contribution to the Fund shall, on or before February 29, 1972, furnish to the Commissioner a return in the prescribed form of his income for the relevant period.

(2) Every employer who by this Act is required to pay the contribution to the Fund of an employee shall, on or before February 29, 1972, furnish to the Commissioner a return in the prescribed form setting out the total amount paid to the Fund by such employer on behalf of such employee.

22. (1) Subject to the provisions of sub-section (2), sums paid to the Fund in respect of contributions under this Act may, in accordance with such terms as may be determined by the Minister of Finance, be repaid after the expiry of two years after the date of payment.

(2) Any sums paid to the Fund by any person who is required by this Act to pay a contribution to the Fund may at any time be —

- (a) withdrawn by him before leaving Ceylon permanently; or
- (b) utilized by him for the payment of wealth tax under the principal Act for the year of assessment 1971/72; or
- (c) withdrawn after his death by his heir, executor or administrator; or
- (d) withdrawn for any such purpose as may be specified by the Minister by notification published in the *Gazette*.

23. If it is proved to the satisfaction of the Commissioner by claim made in writing on or before the thirty-first day of December, 1974, that any person has paid in respect of a contribution under this Act an amount in excess of the amount due from him, such person shall be entitled to a refund of the amount paid in excess.

24. The Commissioner or an Assessor shall have the power —

- (a) by notice in writing to require any person to furnish within the period specified in the notice, such information as the Commissioner or the Assessor may by the notice require for the purposes of this Act;
- (b) to require any person to produce for examination within a specified time any book, document, register or record which is under his control or in his possession and which in the opinion of the Commissioner or Assessor contains information useful for the purposes of this Act and to take copies of or make notes from such book, document, register or record.

25. (1) Any person who—

- (a) being an employer, contravenes the provisions of sub-section (2) or sub-section (3) of section 7; or
- (b) being an employer, fails to comply with the provisions of section 8 or with any notice given to him under section 9; or
- (c) fails to comply with the provisions of sub-section (1) or sub-section (2) of section 10 or with any notice given to him under sub-section (3) of section 10; or
- (d) fails to comply with the provisions of sub-section (1) of section 21; or
- (e) being an employer, fails to comply with the provisions of sub-section (2) of section 21; or
- (f) furnishes for the purposes of this Act any information which is, or any book, document, register or record which is, to his knowledge untrue or incorrect; or

- (g) fails to comply with any direction given by the Commissioner or an Assessor under section 24,

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

(2) Where an offence under this Act is committed by a body of persons, then -

(a) if that body of persons is a body corporate, every director and officer of that body corporate; or

(b) if that body of persons is a firm, every partner of that firm, shall be guilty of that offence:

Provided that a director or an officer of such body corporate or a partner of such firm shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

26. Where an act or omission which constitutes an offence for which an employer is liable under this Act has in fact been committed or made by any manager, agent or other person, such manager, agent or other person shall be liable to be proceeded against for the offence, in the same manner as if he were the employer and either together with the employer or before or after the conviction of the employer and shall be liable to the like punishment as if he were the employer.

27. A notice required by this Act to be served on any person may be served on such person by being sent by post to his last known place of abode or place at which he was last known to carry on any business and any notice so posted shall be deemed to have been served on the day succeeding the day on which it would have been received in the ordinary course of post.

28. The Commissioner may from time to time prescribe the forms to be used for the purposes of this Act; and any form so prescribed may from time to time be amended or varied by the Commissioner or the Commissioner may for any form so prescribed substitute a new form.

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

“Assessor” means an Assessor of Inland Revenue appointed under the principal Act and includes a Senior Assessor or an Assistant Assessor;

“authorized representative” has the same meaning as in the principal Act;

“Commissioner” means the Commissioner of Inland Revenue appointed under the principal Act and includes a Deputy Commissioner and an Assistant Commissioner of Inland Revenue appointed under the principal Act and authorized by the Commissioner either generally or for some specific purpose to act on behalf of the Commissioner;

“emoluments” means the salary, wages or allowances (other than allowances given in reimbursement of expenses incurred in the performance of his duties) received by an employee in the course of his employment;

“employee” includes—

- (a) a person employed by a person residing outside Ceylon;
- (b) every person who holds a paid office as a servant of the Crown; and
- (c) the following persons:—
 - (i) the President and Deputy President of the Senate,
 - (ii) the Speaker, the Deputy Speaker, the Deputy Chairman of Committees, and the Leader of the Opposition, of the House of Representatives,
 - (iii) the Clerk to the Senate, the Clerk to the House of Representatives or a member of the staff of the Clerk to the Senate or the Clerk to the House of Representatives,
 - (iv) a Minister or a Parliamentary Secretary or the Chief Government whip,
 - (v) a Senator or a Member of Parliament by reason only of the fact that he receives any remuneration as a Senator or such Member,
 - (vi) a member of the Public Service Commission,
 - (vii) a member of the Judicial Service Commission,
 - (viii) a director of a company or a Corporation;

“employer” includes the person responsible for the payment of the emoluments of an employee;

“executor” means an executor or administrator of a deceased person and includes—

- (a) any person who takes possession or intermeddles with the property of a deceased person;
- (b) every person who has applied, or is entitled to apply, to the District Court for the grant or resealing of probate or letters of administration in respect of the estate of a deceased person; or
- (c) a trustee acting under a trust created by the last will of the author of the trust;

“family” means a family within the meaning of section 19 of the principal Act;

“head” with reference to a family means the head of that family within the meaning of section 19 of the principal Act;

“individual” includes a Hindu undivided family and any executor or trustee in respect of income received by him as such executor or trustee;

“non-resident” has the same meaning as in section 54 of the principal Act;

“principal Act” means the Inland Revenue Act, No. 4 of 1963;

“relevant period”—

(a) in relation to income from employment, income from houses, and dividends, interest and annuities, means the period of twelve months ending on December 31, 1971;

(b) in relation to income from sources other than the sources referred to in paragraph (a), means the period of twelve months ending on March 31, 1971, or where, for the purposes of the principal Act, the statutory income of that person from any trade, business, profession or vocation of that person is computed on accounts made up to any day in the year 1971, other than the thirty-first day of March of that year, the period ending on that day;

“resident” has the same meaning as in section 54 of the principal Act;

“special income” in relation to any person means —

(a) any profits of that person, being the profits and income of any undertaking which are exempt from income tax under paragraph (i) or paragraph (ii) or paragraph (iii) or paragraph (iv) or paragraph (v) or paragraph (vi) or paragraph (vii) of sub-section (2) of section 6 of the principal Act;

(b) the amount of any dividend paid to that person by any undertaking referred to in paragraph (a) out of the profits and income referred to in that paragraph;

(c) the amount of any profits and income which are exempt from income tax under section 7 of the principal Act;

(d) any income of that person from any house which under the National Housing Act is exempt from income tax;

“trustee” includes any executor, trustee, guardian, curator, manager or other person having the direction, control or management of any property on behalf of any person.

FIRST SCHEDULE

INDIVIDUALS

Rate

On income between Rs. 6,000 and Rs. 12,000 ..	2 per centum
On income between Rs. 12,001 and Rs. 24,000 ..	5 " "
On income between Rs. 24,001 and Rs. 60,000 ..	10 " "
On income between Rs. 60,001 and Rs. 140,000 ..	15 " "
On income over Rs. 140,000 ..	20 " "

TRUSTEES (including trustees under Last Wills)

On income over Rs. 12,000 ..	15 " "
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PERSONS (OTHER THAN THOSE REFERRED TO
ABOVE, PUBLIC CORPORATIONS ESTABLISHED WITH
CAPITAL PARTLY CONTRIBUTED BY THE GOVERNMENT
OF CEYLON AND COMPANIES)

.. 20 per centum of
income.

SECOND SCHEDULE - PART A

COMPULSORY SAVINGS CONTRIBUTIONS PAYABLE BY RESIDENT INDIVIDUALS
WHOSE INCOME CONSISTS SOLELY OF INCOME LIABLE TO INCOME TAX

Income		Rate
Rs.	Rs.	
6,000 —	6,136 ..	90% of the difference between income and Rs. 6,000
6,137 —	12,000 ..	2% of income.
12,001 —	12,450 ..	Rs. 240 + 85% of excess over Rs. 12,000.
12,451 —	24,000 ..	5% of income.
24,001 —	26,400 ..	1,200 + 60% of excess over Rs. 24,000.
26,401 —	60,000 ..	10% of income.
60,001 —	75,000 ..	6,000 + 35% of excess over Rs. 60,000.
75,001 —	140,000 ..	15% income.
140,001 —	186,666 ..	21,000 + 35% of excess over Rs. 140,000.
Over 186,666	..	20% of income.

SECOND SCHEDULE - PART B.

COMPULSORY SAVINGS CONTRIBUTIONS PAYABLE BY NON-RESIDENT
INDIVIDUALS WHOSE INCOME CONSISTS SOLELY OF INCOME
LIABLE TO INCOME TAX.

Income		Rate
Rs.	Rs.	
6,000 —	6,144 ..	85% of the difference between income and Rs. 6,000
6,145 —	12,000 ..	2% of income.
12,001 —	12,450 ..	Rs. 240 + 85% of the difference between income and Rs. 12,000.
12,451 —	24,000 ..	5% of income.
24,001 —	25,846 ..	Rs. 1,200 + 75% of the difference between income and Rs. 24,000.
25,847 —	60,000 ..	10% of income.

60,001 — 75,000	..	Rs. 6,000 + 35% of the difference between income and Rs. 60,000.
75,001 — 140,000	..	15% of income.
140,001 — 186,666	..	Rs. 21,000 + 35% of the difference between income and Rs. 140,000.
Over 186,666	..	20% of income.

SECOND SCHEDULE - PART C.

COMPULSORY SAVINGS CONTRIBUTIONS PAYABLE BY HINDU UNDIVIDED
FAMILIES WHOSE INCOME CONSISTS SOLELY OF INCOME
LIABLE TO INCOME TAX

Income		Rate
Rs.	Rs.	
6,000 — 6,155	..	79% of the difference between income and Rs. 6,000
6,156 — 12,000	..	2% of income.
12,001 — 12,468	..	Rs. 240 + 79% of the difference between income and Rs. 12,000.
12,469 — 24,000	..	5% of income.
24,001 — 26,034	..	Rs. 1,200 + 69% of the difference between income and Rs. 24,000.
26,035 — 60,000	..	10% of income.
60,001 — 81,428	..	Rs. 6,000 + 29% of the difference between income and Rs. 60,000.
81,429 — 140,000	..	15% of income.
140,001 — 217,777	..	Rs. 21,000 + 29% of the difference between income and Rs. 140,000.
Over 217,777	..	20% of income.

THIRD SCHEDULE—INDIVIDUALS

Income		Rate
Rs.	Rs.	
6,000 — 6,120	..	difference between income and Rs. 6,000.
6,121 — 12,000	..	2% of income.
12,001 — 12,360	..	Rs. 240 + difference between income and Rs. 12,000.
12,361 — 24,000	..	5% of income.
24,001 — 25,200	..	Rs. 1,200 + difference between income and Rs. 24,000.
25,201 — 60,000	..	10% of income.
60,001 — 63,000	..	Rs. 6,000 + difference between income and Rs. 60,000.
63,001 — 140,000	..	15% of income.
140,001 — 147,000	..	Rs. 21,000 + difference between income and Rs. 140,000.
Over 147,000	..	20% of income.

Employees' Provident Fund (Amendment) Act, No. 8 of 1971

**AN ACT TO AMEND THE EMPLOYEES' PROVIDENT FUND
ACT, NO. 15 OF 1958.**

(Date of Assent: February 12, 1971)

1. This Act may be cited as the Employees' Provident Fund (Amendment) Act, No. 8 of 1971, and shall be deemed to have come into operation on the 1st day of January, 1971.

2. Section 5 of the Employees' Provident Fund Act, No. 15 of 1958 (hereinafter referred to as the "principal Act") as amended by Act No. 16 of 1970, is hereby further amended as follows:-

(1) by the renumbering of that section as sub-section (1) of section 5;

(2) in sub-section (1) as so renumbered:-

(a) in paragraph (b), by the substitution for the words "contribution and surcharges", of the words "contributions, surcharges and fees,";

(b) by the substitution, for paragraph (j), of the following new paragraph:-

"(j) shall notify-

(i) the employer of each member of the Fund who is employed in a covered employment, and

(ii) each member of the Fund who has ceased to be employed in a covered employment,

within nine months after the thirty first day of December in each year, of the amount lying to the credit of the individual account of such member on that day;" and

(c) in paragraph (k), by the substitution for the words "this Act; and", of the words "this Act;";

(d) by the insertion, immediately after paragraph (k), of the following new paragraph:-

"(kk) may establish such reserves out of the income of the Fund as the Monetary Board may determine, to meet any contingencies or any depreciation in the market value of the assets of the Fund; and"; and

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

(2) Every officer or servant appointed under paragraph (a) of sub-section (1) shall be deemed to be employed for the performance of duties under the Monetary Law Act, for the purpose of the application of the provisions of the said Act relating to officers and servants.

(3) For the purposes of paragraph (k) of sub-section (1), "expenses" shall include:-

- (i) any loss of moneys on account of theft, misappropriation or over-payment;
- (ii) any loss of articles of furniture, office equipment or stationery used in or purchased for the administration of the Fund the cost of which cannot be recovered from the persons responsible for such loss; and
- (iii) the value of any article of furniture, office equipment or stationery written off on grounds of unserviceability'.

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

5A. Where an employer is notified by the Monetary Board under section 5 (1) (j), of the amount lying to the credit of the individual account of a member of the Fund, such employer shall forthwith communicate to such member the information so notified".

4. Section 7 of the principal Act is hereby repealed and the following new section substituted therefor:-

7. Every sum paid out of the Consolidated Fund of Ceylon-

- (1) to the Commissioner prior to the date of enactment of this Act, for defraying the expenditure incurred in making preliminary arrangements for the establishment of the Fund;
- (2) to the Monetary Board, for defraying all expenditure, including capital expenditure incurred by such Board and the Commissioner in carrying out the provisions of this Act during the period commencing on the date of enactment of this Act and ending on the thirtieth day of September, 1966,

shall constitute a loan from the Government to the Monetary Board and shall be repaid in accordance with such terms and conditions as may be determined by the Minister with the concurrence of the Minister of Finance".

5. Section 8 of the principal Act is hereby amended in sub-section (2) (b) of that section as follows:-

- (1) by the omission of clause (ii) thereof; and
- (2) by the renumbering of clause (iii) as clause (ii) thereof.

6. Section 10 of the principal Act is hereby amended as follows:-

- (1) in sub-section (1) of that section, by the substitution for the words "four per centum", of the words "six per centum"; and
- (2) in sub-section (2) of that section, by the substitution for the words "six per centum", of the words "nine per centum".

7. Section 16 of the principal Act is hereby repealed and the following new section substituted therefor:-

16. Where contributions payable under this Act in respect of any month have not been made to the Fund before the last day of the succeeding month and the employer is unable to explain to the satisfaction of the Commissioner that the failure to pay such contributions was due to circumstances beyond his control, he shall be liable to pay to the Fund, in addition to the amount of the contributions due, a surcharge on such amount calculated in the following manner:-

- (a) where the contributions are in arrears for a period not exceeding one month, a surcharge of ten per centum of the amount of the contributions due;
- (b) where the contributions are in arrears for a period exceeding one month but not exceeding three months, a surcharge of fifteen per centum of the amount of the contributions due;
- (c) where the contributions are in arrears for a period exceeding three months but not exceeding six months, a surcharge of twenty per centum of the amount of the contributions due;
- (d) where the contributions are in arrears for a period exceeding six months, a surcharge of twenty-five per centum of the amount of the contributions due".

8. Section 23 of the principal Act is hereby amended as follows:-

- (a) by the substitution for the words "A member of the Fund shall", of the words "Save as hereinafter provided in this section, a member of the Fund shall";
- (b) by the substitution in paragraph (d) for the word "Ceylon:", of the words "Ceylon, or"; and
- (c) by the insertion, immediately after paragraph (d) of that section, of the following new paragraph:-

“(e) after such member ceases to be employed in a covered employment and takes up pensionable employment in the public service or in the Local Government Service constituted by the Local Government Service Act, No. 18 of 1969;” and

(d) by the addition, immediately after the proviso to that section, of the following new proviso:-

“Provided further that a member of the Fund shall not be entitled to withdraw any sum standing to his credit in his individual account more than once in a period of five years.”.

9. Section 24 of the principal Act is hereby amended as follows:-

(1) by the renumbering of that section as sub-section (1) of section 24;

(2) in sub-section (1) as so renumbered -

(a) by the substitution for the words “such amount or where no nominee”, of the words “such amount and where no nominee”; and

(b) by the substitution for all the words from “where one nominee has been appointed” to “then such amount”, of the words “where the nominee or nominees appointed under regulations made under this Act is or are dead, then such amount”; and

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

“(2) Where a member of the Fund has appointed under regulations made under this Act two or more nominees to whom the amount lying to the credit of such member’s individual account shall be paid in the event of his death and where one or more than one nominee dies before such member, then, upon the death of such member without such member having made a fresh appointment under the aforesaid regulations, such amount shall-

(a) be paid to the sole surviving nominee, if there is one; or

(b) if there is more than one nominee, be divided among such nominees in equal shares.”.

10. Section 33 of the principal Act is hereby repealed and the following new section substituted therefor:-

33. Every employer of employees in a covered employment shall maintain such records as may be determined by the Commissioner and notified in the *Gazette*.”.

11. Section 37 of the principal Act is hereby amended as follows:-

- (a) by the renumbering of sub-section (1) of that section as section 37; and
- (b) by the repeal of sub-section (2) of that section.

12. Section 38 of the principal Act is hereby repealed and the following new section substituted therefor:—

38. (1) Where an employer makes default in the payment of any sum which he is liable to pay under this Act and the Commissioner is of opinion that recovery under section 17 of the Act is impracticable or inexpedient, he may issue a certificate to the District Court having jurisdiction in any district where the defaulting employer resides or in which any property, movable or immovable, owned by such employer is situate, containing particulars of the sum due and the name and place of residence of such employer, and the court shall thereupon direct a writ of execution to issue to the Fiscal authorizing and requiring him to seize and sell all the property, movable and immovable, of the defaulting employer, or such part thereof as he may deem necessary for the recovery of the amount so due, and the provisions of sections 226 to 297 of the Civil Procedure Code shall, *mutatis mutandis*, apply to such seizure and sale.

(2) Where an employer makes default in the payment of any sum which he is liable to pay under this Act and the Commissioner is of opinion that it is impracticable or inexpedient to recover that sum under section 17 or under sub-section (1) of this section or where the full amount due has not been recovered by seizure and sale, then, he may issue a certificate containing particulars of the sum so due and the name and place of residence of the defaulting employer, to the Magistrate having jurisdiction in the division in which such place is situate. The Magistrate shall, thereupon, summon such employer before him to show cause why further proceedings for the recovery of the sum due under this Act should not be taken against him and in default of sufficient cause being shown, such sum shall be deemed to be a fine imposed by a sentence of the Magistrate on such employer for an offence punishable with imprisonment and the provisions of section 312 (except paragraphs (a), (c), and (h) of sub-section (1) thereof) of the Criminal Procedure Code, relating to the default of payment of a fine imposed for such an offence shall thereupon apply and the Magistrate may make any direction which, by the provisions of that sub-section, he could have made at the time of imposing such sentence.

(3) The correctness of any statement in a certificate issued by the Commissioner for the purposes of this section shall not be called in question or examined by the court in any proceedings under this section, and accordingly nothing in this section shall authorize the court to consider or decide the correctness of any statement in such certificate, and the Commissioner's certificate shall be sufficient evidence that the amount due under this Act from the defaulting employer has been duly calculated and that such amount is in default.

(4) The provisions of this section shall have effect notwithstanding anything in section 17 of this Act.”.

13. Section 39 of the principal Act is hereby repealed and the following new section substituted therefor:-

39. In any proceedings against any employer under section 17 of this Act for failure to pay any sum due from him under this Act, the burden of proving that the sum was paid shall lie on the employer.”.

14. Section 46 of the principal Act is hereby amended in sub-section (1) of that section by the insertion immediately after paragraph (p) of the following new paragraph:-

“(pp) for the recovery of fees to be charged from employers and the writing off of losses which may be incurred, in connection with the administration of this Act.”.

Ceylon Shipping Corporation Act, No. 11 of 1971

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A SHIPPING CORPORATION TO OPERATE SERVICES FOR THE TRANSPORT OF GOODS, MAILS AND PASSENGERS BY SEA AND TO CARRY ON BUSINESS AS SHIPOWNERS, CHARTERERS OF SHIPS AND VESSELS, SHIP BROKERS, AND SHIPPING AGENTS, TO CARRY OUT THE BUILDING, MAINTENANCE, REPAIR AND OVERHAUL OF SHIPS AND VESSELS, TO VEST IN SUCH CORPORATION THE UNDERTAKING CARRYING ON BUSINESS UNDER THE NAME AND STYLE OF THE CEYLON SHIPPING CORPORATION LIMITED, TO REGULATE THE POWERS AND DUTIES OF SUCH CORPORATION, AND TO MAKE PROVISION FOR PURPOSES CONNECTED WITH THE AFORESAID MATTERS.

(Date of Assent: March 9, 1971)

1. This Act may be cited as the Ceylon Shipping Corporation Act, No. 11 of 1971.

2. (1) There shall be established, with effect from such date as may be appointed for the purpose by the Minister by Order published in the *Gazette*, a Corporation which shall be known as the Ceylon Shipping Corporation (hereafter in this Act referred to as “the Corporation”), and which shall consist of the persons who are for the time being members of the Corporation under section 3.

(2) The Corporation shall, by the name assigned to it by sub-section (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

3. The members of the Board of Directors shall be the members of the Corporation.

4. The objects of the Corporation shall be —

- (a) to operate services for the transport of goods, mails and passengers by sea;
- (b) to carry on business as shipowners, charterers of ships and vessels, ship brokers, shipping agents and other ancillary services; and
- (c) to carry out the building, maintenance, repair and overhaul of ships and vessels.

5. (1) The Corporation may exercise all or any of the following powers: —

- (a) to purchase, charter, build or otherwise acquire, mortgage, sell, exchange and let out on hire or charter, or otherwise deal with or dispose of, any ship or vessel;
- (b) to establish, maintain and operate shipping services and all other services ancillary thereto;
- (c) to appoint and dismiss such officers and servants as may be necessary for carrying out the work of the Corporation and to determine the terms and conditions of their employment;
- (d) to act as agents or sub-agents for any other company, person or persons in Ceylon or abroad;
- (e) to carry on the business of ship brokers for the purpose of sale or purchase or for the procurement of shipping services;
- (f) to carry on business as contractors in respect of shipping and services ancillary thereto;
- (g) to carry on all such financial, commercial, trading, technical and other operations for business in connection with the objects of the Corporation as the Corporation may think fit;
- (h) to appoint such agents, whether in Ceylon or abroad, as the Corporation may deem necessary and to determine the terms and conditions of their appointment;
- (i) to appoint, employ or dismiss professional persons, whether in Ceylon or abroad, as the Corporation may deem necessary and to determine the terms and conditions of their appointment;
- (j) to acquire, hold, take or give on lease or hire, mortgage, pledge and sell or otherwise dispose of, any movable or immovable property;

- (k) to do anything for the purpose of advancing the skill of persons employed by the Corporation or the efficiency of the equipment of the Corporation or the manner in which that equipment is operated, including the provision by the Corporation, and the assistance of the provision by others, of facilities for training persons required to carry out the work of the Corporation;
- (l) to establish a provident fund and provide welfare and recreational facilities for persons employed by the Corporation;
- (m) to construct, manufacture, purchase, maintain and repair anything required for the purpose of carrying out the objects of the Corporation;
- (n) to delegate to any officer of the Corporation any such function of the Corporation as the Corporation may consider necessary so to delegate for the efficient transaction of business;
- (o) to enter into and perform all such contracts as may be necessary for the performance of the duties and the exercise of the powers of the Corporation;
- (p) to make rules in relation to its officers and servants, including their appointment, promotion, remuneration, disciplinary control, conduct and the grant of leave to them;
- (q) to make rules in respect of the administration of the affairs of the Corporation;
- (r) to do anything necessary for, or conducive or incidental to, the carrying out of the objects of the Corporation;
- (s) to acquire, hold or dispose of shares in any organization in Ceylon or abroad, with the approval of the Government;
- (t) to promote, with the approval of the Government, any subsidiary organisation in Ceylon or abroad which may seem or appear directly or indirectly calculated to benefit the Corporation;
- (u) to appoint such Advisory Boards or Committees, and such Local Boards or Committees, with such executive or other functions and upon such terms as to remuneration and otherwise, as the Corporation may deem expedient.

(2) The Minister may by Order authorize the Corporation, subject to such conditions as may be specified in the Order, to carry on any undertaking or business or to do any act or thing not mentioned in the preceding provisions of this section, if he is satisfied that it is expedient so to do for purposes connected with the efficient discharge and performance of the powers and duties conferred or imposed on the Corporation by such preceding provisions.

(3) Every Order made under sub-section (2) shall be published in the *Gazette*, and shall come into force on the date of such publication.

(4) Every Order made under sub-section (2) shall, as soon as convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any Order which is not so approved shall be deemed to be revoked as from the date of disapproval, but without prejudice to anything previously done thereunder. Every Order which is not so revoked shall be as valid and effectual as though it were herein enacted.

(5) Nothing in the preceding provisions of this section shall be construed as authorizing the disregard by the Corporation of any law for the time being in force.

6. (1) The Minister may give the Board of Directors general or special directions in writing as to the performance of the duties and the exercise of the powers of the Corporation, and such Board shall give effect to such directions.

(2) The Minister may, from time to time, direct in writing the Board of Directors to furnish to him, in such form as he may require, returns, accounts and other information with respect to the property and business of the Corporation, and such Board shall carry out every such direction.

(3) The Minister may, from time to time, order all or any of the activities of the Corporation to be investigated and reported upon by such person or persons as he may specify, and, upon such order being made, the Board of Directors shall afford all such facilities, and furnish all such information, to the said person or persons as may be necessary to carry out the order.

7. (1) The Corporation shall have a Board of Directors consisting of five members appointed by the Minister, one of whom shall be an officer of the Ministry of Finance.

(2) A person shall not be qualified for appointment or for continuing as a Director—

- (a) if he is a Senator or a Member of Parliament; or
- (b) if he is, under any law in force in Ceylon, found or declared to be of unsound mind; or
- (c) if he is a person who, having been declared an insolvent or a bankrupt under any law in force in Ceylon or in any other country, is an undischarged insolvent or bankrupt; or
- (d) if he is convicted of an offence involving moral turpitude and punishable with imprisonment for a term of not less than six months; or
- (e) if he has any such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a Director.

(3) Where a Director is, by reason of illness or other infirmity or absence from Ceylon, temporarily unable to perform the duties of his office, then, the Minister may appoint any person to act in his place.

(4) The Minister may, without assigning a reason, remove any Director from office. Such removal shall not be called in question in any Court whether by way of writ or otherwise.

(5) A Director may resign the office of Director by letter addressed to the Minister.

(6) Subject to the provisions of sub-section (4) and sub-section (5), the term of office of a Director shall be three years:

Provided that—

- (a) a Director appointed in place of a Director who dies or resigns or otherwise vacates office shall, unless he earlier resigns or otherwise vacates office, hold office for the unexpired part of the term of office of the Director whom he succeeds; and
- (b) a Director appointed in place of a Director who is temporarily unable to perform the duties of his office shall, unless he earlier resigns or otherwise vacates office, hold office during the absence of the Director in whose place he was appointed.

8. All or any of the Directors may be paid such remuneration as may be determined by the Minister with the concurrence of the Minister of Finance.

9. A Director who is directly or indirectly interested in a contract proposed to be made by the Corporation shall disclose the nature of his interest at a meeting of the Board of Directors. The disclosure shall be recorded in the minutes of such Board, and such Director shall not take part in any deliberation or decision of such Board with respect to such contract.

10. The quorum for any meeting of the Board of Directors shall be three.

11. Subject to the other provisions of this Act, the Board of Directors may regulate the procedure in regard to the meetings of such Board and the transaction of business at such meetings.

12. The Board of Directors may act notwithstanding a vacancy among the members thereof.

13. The Board of Directors shall administer the affairs, may exercise the powers, and shall perform the duties, of the Corporation.

14. (1) The Board of Directors may delegate to any Director or employee of the Corporation any of the powers and duties of such Board.

(2) Every delegate appointed under sub-section (1) shall exercise or perform the power or duty delegated to him subject to the general or special directions of the Board of Directors.

15. (1) The Minister may appoint one of the Directors as the Chairman of the Board of Directors.

(2) If the Chairman of the Board of Directors is, by reason of illness or other infirmity or absence from Ceylon, temporarily unable to perform the duties of his office, the Minister may appoint one of the Directors to act in his place.

(3) The Minister may, without assigning a reason, terminate the appointment of the Chairman of the Board of Directors.

(4) The Chairman of the Board of Directors may resign the office of Chairman by letter addressed to the Minister.

(5) Subject to the provisions of sub-section (3) and sub-section (4), the term of office of the Chairman shall be the period of his membership of the Board of Directors:

Provided that a Director appointed to act as the Chairman of the Board of Directors during the absence of the Chairman of the Board of Directors shall, unless he vacates the office of Chairman earlier, hold such office during such absence.

16. The Board of Directors may, in consultation with the Minister, appoint to the staff of the Corporation a General Manager.

17. (1) The seal of the Corporation shall be in the custody of the Board of Directors, or any officer of the Corporation authorized in that behalf by such Board.

(2) The seal of the Corporation may be altered in such manner as may be determined by the Board of Directors.

(3) The application of the seal of the Corporation shall be authenticated by the signature of the Chairman of the Board of Directors or some other member of the Board authorized by the Board to authenticate the application of such seal, and of the officer of the Corporation, if any, who is designated General Manager or Secretary or some other officer of the Corporation authorized by the Board to act in his stead in that behalf.

18. (1) The initial capital of the Corporation shall be one hundred million rupees and such capital shall consist of grants or loans given or made available by the Government on such terms and conditions as may be determined by the Minister of Finance.

(2) The capital of the Corporation may be increased from time to time by such amount as may be authorized by any Appropriation Act or by resolution of the House of Representatives, and that amount shall be made available to the Corporation by way of grant or loan on such terms and conditions as may be determined by the Minister of Finance.

19. The Board of Directors may, with the concurrence of both the Minister and the Minister of Finance, or in accordance with the terms of any general authority given with like concurrence, borrow, by way of overdraft or otherwise, or negotiate and obtain on credit terms in Ceylon or abroad, such sums as the Board may require for meeting the obligations of the Corporation or carrying out its objects:

Provided that the aggregate of the amounts outstanding in respect of any loans raised by the Board of Directors under this sub-section shall not at any time exceed such sum as may be determined by the Minister with the concurrence of the Minister of Finance.

20. All moneys of the Corporation which are not immediately required for the purposes of the business of the Corporation may be invested by the Board of Directors in securities of the Government of Ceylon, or in any other form of investment in Ceylon or abroad, with the approval of the Minister given with the concurrence of the Minister of Finance.

21. The revenue of the Corporation in any year consisting of moneys received and accrued in the exercise and performance of the powers and duties of the Corporation including income from sale of capital assets shall be applied in defraying the following charges:-

- (a) the working and establishment expenses of the Corporation in connection with the exercise and performance of the powers and duties of the Corporation, properly chargeable to revenue account;
- (b) allocations to cover the depreciation of the movable and immovable property of the Corporation;
- (c) the interest on any loans raised by the Corporation under the provisions of this Act;
- (d) any loss incurred on the sale of capital assets;
- (e) income tax.

22. The net surplus for any year, if any, out of the revenue of the Corporation after defraying the charges mentioned in section 21, may be appropriated by the Board of Directors for any or all of the following purposes with the approval of the Minister given with the concurrence of the Minister of Finance:-

- (a) writing off the preliminary expenses incurred in the formation of the Corporation;
- (b) writing off any accumulated losses brought forward;
- (c) writing off any unproductive expenditure not properly chargeable to revenue;
- (d) transfers to the insurance reserve which the Board of Directors is hereby authorized to establish and maintain;

- (e) transfers to the assets replacement reserve which the Board of Directors is hereby authorized to establish and maintain;
- (f) transfers to the loan redemption reserve which the Board of Directors is hereby authorized to establish and maintain;
- (g) transfers to any development reserve which the Board of Directors is hereby authorized to establish and maintain.

23. No debits against or transfers out of the reserves mentioned in section 22 shall be made by the Board of Directors except with the approval of the Minister given with the concurrence of the Minister of Finance.

24. All sums remaining out of the net surplus revenue of the Corporation in any year after the appropriations mentioned in section 22 have been satisfied shall be paid to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund of Ceylon.

25. The capital of the Corporation contributed by the Government by way of grants shall not be reduced, except in such manner as may be determined by resolution of the House of Representatives.

26. The Board of Directors shall cause proper accounts of the income and expenditure of the Corporation and of all its other transactions to be kept and shall prepare an annual statement of accounts and statistics relating to the business of the Corporation in such form and containing such particulars as the Minister with the concurrence of the Minister of Finance may from time to time specify.

The financial year of the Corporation shall be the calendar year.

27. (1) The accounts of the Corporation for each financial year shall be submitted to the Auditor-General for audit within four months of the close of the financial year. For the purposes of assisting him in the audit of such accounts, the Auditor-General may employ the services of any qualified auditor or auditors who shall act under his direction and control.

(2) For the purpose of meeting the expenses incurred by him in the audit of the accounts of the Corporation, the Auditor-General shall be paid by the Corporation such remuneration as the Minister may with the concurrence of the Minister of Finance determine. Any remuneration received from the Corporation by the Auditor-General shall, after deducting any sums paid by him to any qualified auditor or auditors employed by him for the purposes of such audit, be credited to the Consolidated Fund of Ceylon.

(3) The Auditor-General and any person assisting the Auditor-General in the audit of the accounts of the Corporation shall have access to all such books, deeds, contracts, accounts, vouchers and other documents of the Corporation as the Auditor-General may consider necessary for the purposes of the Audit, and shall be furnished by the Board of Directors and officers of the Corporation with such information within their knowledge as may be required for such purposes.

(4) The Auditor-General shall examine the accounts of the Corporation and furnish a report—

- (a) stating whether he has or has not obtained all the information and explanations required by him;
- (b) stating whether the accounts referred to in the report are properly drawn up so as to exhibit a true and fair view of the affairs of the Corporation; and
- (c) drawing attention to any item in the accounts which in his opinion may be of interest to the Senate and the House of Representatives in any examination of the activities and accounts of the Corporation.

(5) The Auditor-General shall transmit his report to the Board of Directors within four months of the receipt of the accounts of the Corporation by him.

(6) For the purposes of this section, the expression “qualified auditor” means—

- (a) an individual who, being a member of the Institute of Chartered Accountants of Ceylon, possesses a certificate to practise as an Accountant issued by the Council of that Institute; or
- (b) a firm of Chartered Accountants each of the partners of which, being a member of that Institute, possesses a certificate to practise as an Accountant issued by the Council of that Institute.

(7) The Board of Directors shall, on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister:—

- (a) the Auditor-General's report;
- (b) the balance sheet;
- (c) the operating and profit and loss accounts;
- (d) the statement of accounts and statistics prepared under section 26; and
- (e) the report of the Chairman of such Board giving an account of the work of the Corporation.

(8) The Minister shall lay copies of the documents transmitted to him under sub-section (7) before the Senate and the House of Representatives before the end of the year next following the year to which such report and accounts relate.

(9) The Board of Directors shall cause copies of the report and statement referred to in sub-section (7) to be printed at the expense of the Corporation and to be made available for purchase by the public at such price as shall be determined by such Board.

28. Contracts on behalf of the Corporation may be made has follows:-

- (a) a contract which if made between private persons would be by law required to be in writing, may be made on behalf of the Corporation in writing under the seal of the Corporation;
- (b) a contract which if made between private persons would be by law required to be in writing signed by the parties to be charged therewith, may be made on behalf of the Corporation in writing, signed by any person or persons duly authorized thereto by the Corporation; and
- (c) a contract which if made between private persons would in law be valid although made by parol only and not reduced into writing, may be made by parol on behalf of the Corporation by any person or persons duly authorized thereto by the Corporation.

29. A bill of exchange or promissory note shall be deemed to have been made, executed or endorsed on behalf of the Corporation if made, executed or endorsed in the name of, or on behalf of, or on account of, the Corporation by any person or persons duly authorized thereto.

30. (1) The Corporation may, by writing under its seal, empower any person either generally or in respect of any specific matter, as its attorney, to execute deeds on its behalf in any place not situate in the Island.

(2) A deed signed by such an attorney on behalf of the Corporation and under his signature or seal shall bind the Corporation and have the same effect as if it were under the seal of the Corporation.

31. A receipt signed by two Directors or by any officer authorized in that behalf by the Board of Directors to give receipts shall be an effectual discharge for moneys paid to the Corporation.

32. All officers and servants of the Corporation shall be deemed to be public servants within the meaning and for the purposes of the Penal Code.

33. The Corporation shall be deemed to be a scheduled institution within the meaning of the Bribery Act, and the provisions of that Act shall be construed accordingly.

34. (1) At the request of the Board of Directors any officer in the public service may, with the consent of that officer and of the Permanent Secretary to the Ministry in charge of the Minister to whom the subject of public administration has been assigned, be temporarily appointed to the staff of the Corporation for such period as may be determined by the Board with like consent or be permanently appointed to such staff.

(2) The provisions of sub-section (2) of section 9 of the Motor Transport Act, No. 48 of 1957, shall, *mutatis mutandis*, apply in relation to any officer in the public service who is temporarily appointed to the staff of the Corporation,

and the provisions of sub-section (3) of the aforesaid section 9 shall, *mutatis mutandis*, apply in relation to any officer in the public service who is permanently appointed to such staff.

(3) Where the Corporation employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specific period, any period of service to the Corporation by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

(4) At the request of the Board of Directors, any member of the Local Government Service or any officer or servant of any local authority may, with the consent of such member, officer or servant and the Local Government Service Commission or that authority, as the case may be, be temporarily appointed to the staff of the Corporation for such period as may be determined by the Board with like consent, or be permanently appointed to such staff, on such terms and conditions including those relating to pension or provident fund rights as may be agreed upon by the Board and that Commission or authority.

(5) Where any member of the Local Government Service or any officer or servant of any local authority is temporarily appointed to the staff of the Corporation, he shall be subject to the same disciplinary control as any other member of such staff.

35. (1) Where any land, other than Crown land, is required to be acquired for any of the purposes of the Corporation and the Minister, by Order published in the *Gazette*, approves of the proposed acquisition, the land proposed to be acquired shall, for the purpose of the application of the Land Acquisition Act, be deemed to be required for a public purpose and may be acquired under that Act and transferred to the Corporation.

(2) Any sum payable for the acquisition of land under the land Acquisition Act for the Corporation shall be paid by the Corporation.

36. (1) The Minister may make regulations to give effect to the principles and provisions of this Act.

(2) No regulation made by the Minister shall have effect until it is approved by the Senate and the House of Representatives and notification of such approval is published in the *Gazette*.

37. Nothing in the Companies Ordinance or any other written law relating to companies shall apply to the Corporation.

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

“Board of Directors” means the Board of Directors of the Corporation constituted under this Act;

“Ceylon Shipping Corporation Limited” means the Ceylon Shipping Corporation Limited incorporated under the Companies Ordinance on February 23, 1969;

“Director” means a member of the Board of Directors;

“goods” means any form or kind of cargo carried on a ship or vessel, and includes petroleum products, liquids, gases or other similar articles or substances; and

“local authority” means any Municipal Council, Urban Council, Town Council or Village Council.

Special Provisions applicable to, and in relation to, the Ceylon Shipping Corporation Limited.

39. The succeeding provisions of this Act shall apply to, and in relation to, the Ceylon Shipping Corporation Limited, notwithstanding anything to the contrary in the Companies Ordinance, or any other written law or other instrument relating to its constitution or functions.

40. (1) On the date of the establishment of the Corporation,—

(a) all the assets and liabilities of the Ceylon Shipping Corporation Limited at their book values as they appear in the audited accounts of the Ceylon Shipping Corporation Limited at that date shall vest in the Corporation and shall be the assets and liabilities of the Corporation; and

(b) the Ceylon Shipping Corporation Limited shall cease to carry on business, and shall be deemed to be dissolved.

(2) For the purposes of this section,

(a) the term “assets” includes property or rights of any kind; and

(b) the term “liabilities” includes contracts, commitments and other obligations.

41. On the date of the establishment of the Corporation,—

(a) every officer or servant holding an appointment under the Ceylon Shipping Corporation Limited on the day immediately preceding that date shall, on that date, be transferred to the employ of the Corporation; and

(b) any officer or servant so transferred shall be employed by the Corporation on terms and conditions which are not less favourable than those which he had enjoyed in the service of the Ceylon Shipping Corporation Limited immediately before the date of his transfer.

42. (1) Compensation in respect of each share of the Ceylon Shipping Corporation Limited, other than any such share held by or on behalf of the Government, shall be paid by the Corporation to the person who was the

holder of that share on the day immediately prior to the date of the establishment of the Corporation on the basis of the purchase value of such share, or the par value thereof, whichever is less.

(2) Compensation in respect of the shares of the Ceylon Shipping Corporation Limited, other than any such share held by or on behalf of the Government, shall be payable in cash, or in $6\frac{1}{2}$ per centum negotiable Government securities, or both in such cash and such securities in such proportion as may be determined by the Minister of Finance. Such securities shall be issued under the Registered Stock and Securities Ordinance and shall be redeemable by the Government in not less than thirteen years but not more than fifteen years.

(3) Any dispute between the Corporation and any other person as to the amount of compensation payable to that person under this section shall be referred by the Corporation to the Minister of Finance whose decision thereon shall be final and conclusive.

43. (1) The Ceylon Shipping Corporation Limited shall be deemed never to have been required to summon and hold an annual general meeting of the Ceylon Shipping Corporation Limited for or during the year 1970, and accordingly--

(a) no action or other proceedings, whether by way of writ or otherwise, shall lie before any Court against the Ceylon Shipping Corporation Limited or any director or officer of the Ceylon Shipping Corporation Limited on account of the omission to summon and hold such meeting; and

(b) any such action or proceedings as is or are pending shall be deemed to have abated.

(2) The provisions of sub-section (1) shall be deemed for all purposes to have come into force on January 1, 1970.

44. (1) Where the Ceylon Shipping Corporation Limited has been dissolved by virtue of the operation of the provisions of this Act, the Minister may, by order,--

(a) make all such provisions as he may deem necessary for the purposes of giving full force and effect to such dissolution in respect of matters for which no provision or no effective or adequate provision is made by this Act and of removing any difficulties which may have arisen in consequence of such dissolution; and

(b) make all such amendments in any written law in its application to such Corporation as may be necessary for the purposes referred to in paragraph (a) of this sub-section.

(2) Every Order made under sub-section (1) shall be published in the Gazette, and shall come into force on the date of such publication, or on such earlier date as may be specified therein, not being a date earlier than the date of the dissolution of the Ceylon Shipping Corporation Limited.

(3) Every Order made under sub-section (1) shall, as soon as convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any Order which is not so approved shall be deemed to be revoked as on the date of disapproval, but without prejudice to anything previously done thereunder. Every Order which is not so revoked shall be as valid and effectual as though it were herein enacted.

State Gem Corporation Act, No. 13 of 1971

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A CORPORATION FOR THE DEVELOPMENT, REGULATION AND CONTROL OF THE GEM INDUSTRY, AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date at Assent: March 9, 1971)

1. This Act may be cited as the State Gem Corporation Act, No. 13 of 1971, and shall come into operation on such date as may be appointed by the Minister of Finance by Order published in the *Gazette*, hereinafter referred to as the "appointed date."

PART I.

CONSTITUTION OF THE STATE GEM CORPORATION

2. (1) There shall be established a Corporation which shall be called the "State Gem Corporation", in this Act referred to as "the Corporation", and which shall consist of the persons who are for the time being members of the Corporation under section 3.

(2) The Corporation shall by the name assigned to it by sub-section (1) be a body corporate, and shall have perpetual succession and a common seal and may sue and be sued in such name.

3. (1) The Corporation shall consist of—

- (a) five members appointed by the Minister of Finance;
- (b) one member nominated by the Minister to whom the subject of trade is for the time being assigned from among the officers of his Ministry; and
- (c) one member nominated by the Minister to whom the subject of lands is for the time being assigned from among the officers of his Ministry.

The members shall be appointed or nominated from among persons who are qualified for membership of the Corporation.

(2) A person shall be disqualified for being appointed or continuing as a member of the Corporation—

- (a) if he is a Senator or a Member of Parliament; or

- (b) if he, directly, or indirectly, by himself or by any other person on his behalf or for his use or benefit, holds or enjoys any right or benefit under any contract made by or on behalf of the Corporation, except as a shareholder (other than a director) in any incorporated company; or
- (c) if he, directly or indirectly, by himself or by any other person on his behalf, has any interest or derives any benefit in or from any work being done for the Corporation, except as a shareholder (other than a director) in any incorporated company; or
- (d) if he, directly or indirectly, by himself or by any other person on his behalf, is engaged in the gem industry.

(3) Where a member of the Corporation is a shareholder (other than a director) in any incorporated company which has entered into any contract with, or is doing any work for, the Corporation, he shall disclose to the Minister of Finance the nature and extent of the shares held by him in such company.

(4) The appropriate Minister may, without assigning any reason, remove a member of the Corporation from office. Such removal shall be final and conclusive, and shall not be called in question in any court.

(5) A member of the Corporation who has been removed from office shall not be entitled to compensation for any loss or damage suffered by him, directly or indirectly, by reason of such removal.

(6) A member of the Corporation may at any time resign his office by letter addressed to the appropriate Minister.

(7) Where a member of the Corporation is temporarily unable to discharge or perform the functions or duties of his office by reason of illness or other infirmity or absence from Ceylon, or for any other cause, the appropriate Minister may appoint or nominate, as the case may be, some other person who is qualified to be a member of the Corporation to act in his place as such member.

(8) A member of the Corporation shall vacate his office by death, removal, resignation or effluxion of time.

(9) A member of the Corporation shall, unless he earlier vacates his office by death or removal or resignation, hold office for a period of five years:

Provided, however, that any such member appointed or nominated in place of a member of the Corporation who has vacated his office otherwise than by effluxion of time shall, unless he earlier vacates his office by death or removal or resignation, hold office only for the unexpired part of the term of office of the member whom he succeeds.

(10) No act or proceeding of the Corporation shall be invalid by reason only of the existence of a vacancy among its members, or any defect in the appointment or nomination of a member thereof.

(11) In this section, "appropriate Minister" in relation to a member of the Corporation, means the Minister by whom that member was appointed or nominated.

4. All or any of the members of the Corporation may be remunerated in such manner and at such rates, and shall be subject to such conditions of service, as may be determined by the Minister of Finance. Such remuneration shall be paid by the Corporation.

5. (1) Subject to the provisions of sub-section (3), the Corporation may employ all such persons as may be necessary for carrying out the work of the Corporation.

(2) The employees of the Corporation shall be remunerated in such manner and at such rates, and shall be subject to such conditions of service, as may be determined by the Corporation. Such remuneration shall be paid by the Corporation.

(3) No person shall be employed, or continue to be employed, by the Corporation—

(a) if such person is not, or ceases to be, a citizen of Ceylon under the written law applicable in that behalf, except with the prior sanction of the Minister of Finance; or

(b) if he, directly or indirectly, by himself or by any other person on his behalf or for his use or benefit, holds or enjoys any right or benefit under any contract made by or on behalf of the Corporation, except as a shareholder (other than a director) in any incorporated company.

6. (1) The Corporation may delegate to any member or employee of the Corporation any of its powers, functions or duties.

(2) Every delegate appointed under sub-section (1) shall exercise, discharge or perform the power, function or duty delegated to him subject to the general or special directions of the Corporation.

7. (1) The Minister of Finance shall appoint a Chairman of the Corporation from among the members of the Corporation.

(2) If the Chairman is by reason of illness or other infirmity or absence from Ceylon, or for any other cause whatsoever, unable to perform the duties of his office, the Minister of Finance may appoint one of the members of the Corporation to act in his place.

(3) The Minister of Finance may, without assigning any reason, terminate the appointment of the Chairman. The termination of the office of the Chairman shall be final and conclusive, and shall not be called in question in any court.

(4) The Chairman may resign the office of Chairman by letter addressed to the Minister of Finance.

(5) Subject to the provisions of sub-section (3) or sub-section (4), the term of office of the Chairman shall be the period of his membership of the Corporation.

8. (1) The seal of the Corporation shall be in the custody of the Corporation.

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

(3) The seal of the Corporation shall not be affixed to any instrument or document except in the presence of two members of the Corporation both of whom shall sign the instrument or document in token of their presence.

9. The quorum for a meeting of the Corporation shall be three members of the Corporation.

10. Subject to the other provisions of this Act, the Corporation may regulate the procedure in regard to meetings of the Corporation and the transaction of business at such meetings.

PART II.

FUNCTIONS, POWERS AND DUTIES OF THE CORPORATION

11. (1) The Minister of Finance may give the Corporation general or special directions in writing as to the exercise, discharge and performance of the powers, functions and duties of the Corporation, and the Corporation shall give effect to such directions.

(2) The Minister of Finance may from time to time direct the Corporation to furnish to him in such form as he may require, returns, accounts and other information with respect to the property and business of the Corporation and the Corporation shall carry out every such direction.

(3) The Minister of Finance may from time to time order all or any of the activities of the Corporation to be investigated and reported on by such person or persons as he may specify, and upon such order being made the Corporation shall afford all such facilities and furnish all such information as may be necessary to carry out the order.

12. The Corporation may, subject to the provisions of this Act, exercise, discharge and perform its powers, functions and duties within the whole, or any part, of Ceylon, or outside Ceylon.

13. (1) The Corporation shall have the following functions:-

(a) the promotion and development of the gem industry;

(b) the promotion and development of research in gems and the gem industry;

- (c) the advancement of the skill of persons employed or engaged in the gem industry;
- (d) the initiation and implementation of schemes for the promotion and development of the gem industry;
- (e) the exploitation of the market for gems, whether in or outside Ceylon;
- (f) to carry on the gem industry, whether in or outside Ceylon;
- (g) the regulation, supervision and control of the gem industry;
- (h) the regulation and control of the terms and conditions of employment of persons who work in the gem industry, and in particular, the safety measures to be taken to protect such persons from danger to life and limb;
- (i) the prevention of the unlawful removal of gems from Ceylon;
- (j) to be the sole authority responsible for the alienation of the right to mine for gems in or over Crown land, or in or over land disposed of by the Crown where the mining of gemming rights remain with the Crown, whether by reason of any reservation or otherwise; and
- (k) the administration of any scheduled written law in so far only—
 - (i) as it is applicable in the case of gems or the gem industry; or
 - (ii) as it may be necessary so to do for the purpose of enabling the Corporation to exercise, discharge and perform its powers, functions, and duties.

(2) The Corporation shall in accordance with by-laws made in that behalf under this Act, be the sole authority responsible for the issue of licences to carry on the gem industry, whether such industry is or is not carried on in or over any Crown or private land. The preceding provisions of this sub-section shall have effect notwithstanding anything to the contrary in any other written law.

(3) Every licence issued under the Gemming Ordinance, No. 5 of 1890, and in force on the day immediately preceding the appointed date, shall be deemed for all purposes to be a licence issued by the Corporation and the corporation may amend or modify the terms and conditions of such licence or may, in addition to the terms and conditions of the licence, add further terms and conditions.

(4) Every lease under the Crown Lands Ordinance of the right to mine or gem in any Crown land or in any land which has been disposed of by the Crown with a reservation of mining rights in favour of the Crown shall, if such lease is in force on the day immediately preceding the appointed date, be deemed

for all purposes to be a lease granted by the Corporation and the Corporation may vary the terms and conditions subject to which the lease was granted or may, in addition to the terms and conditions of such lease, add further terms and conditions.

14. (1) Every person who mines for gems on Crown land, whether under the authority of a licence issued or deemed to have been issued by the Corporation or under the authority of a lease granted or deemed to have been granted by the Corporation, shall deliver to the Corporation any gems obtained by him from such Crown land.

(2) Where any gem is delivered to the Corporation under sub-section (1), the Corporation may—

- (a) purchase such gem at a price fixed by the Corporation; or
- (b) make arrangements to sell such gem to any other person or persons with the consent of the owner or owners of the gem; or
- (c) decline either to purchase, or to make arrangements to sell, such gem.

(3) Where any gem delivered to the Corporation under sub-section (1) is purchased by the Corporation or is sold to any other person as a result of arrangements made by the Corporation, the Corporation shall retain as its ground share a prescribed proportion of the proceeds of the sale of such gem.

(4) Where the Corporation declines to purchase, and to make arrangements to sell, any gem delivered to the Corporation under sub-section (1), the Corporation shall return such gem to the person who delivered it to the Corporation together with a document stating that the Corporation has declined to purchase, and to make arrangements for the sale of, such gem.

(5) No person shall purchase from any other person any gem obtained by such other person by mining on Crown land whether under the authority of a licence issued or deemed to have been issued by the Corporation or under the authority of a lease granted or deemed to have been granted by the Corporation unless the Corporation has declined to purchase such gem and to make arrangements for its sale.

15. Where it is necessary so to do for the purpose only of enabling the Corporation to exercise, discharge or perform any of its powers, functions or duties, regulations may be made under this Act providing that any such scheduled written law as shall be specified in such regulations shall, in its application in the case of gems or the gem industry, have effect subject to such exceptions, modifications or amendments as shall be specified therein; and accordingly so long as such regulations are in force the provisions of that law shall, notwithstanding anything to the contrary in that law, so apply subject to such exceptions, modifications or amendments.

16. (1) Subject to the provisions of sub-section (3), the right to carry on business as an importer or exporter of gems into or from Ceylon is hereby vested exclusively in the Corporation, and accordingly—

(a) no person, other than the Corporation, shall carry on business as an importer or exporter of gems into or from Ceylon; and

(b) any licence authorizing such import or export issued to any other person by any authority under any written law prior to the appointed date shall be deemed to be invalid and of no effect.

(2) In the exercise of the exclusive right conferred on it by sub-section (1), the Corporation may import or export gems into or from Ceylon not merely on its own behalf, but also for or on behalf of any other person.

(3) The import or export of gems into or from Ceylon by any person, other than the Corporation, shall be deemed not to be a contravention of the provisions of sub-section (1) if, but only if, such import or export is under the authority, and in accordance with the terms or conditions, of any Order which the Minister of Finance is hereby authorized, from time to time, to make and publish in the *Gazette*.

(4) No person shall be entitled to compensation for any loss incurred by him, whether directly or indirectly, or by way of business or otherwise, by reason of his licence authorizing him to import or export gems becoming invalid and of no effect by virtue of the operation of the preceding provisions of this section.

(5) Any person who, even on one occasion only, imports or exports any gem into or from Ceylon shall, for the purposes of this Act, be deemed to carry on the business of an importer or exporter, as the case may be, of gems into or from Ceylon.

(6) The import or export of gems into or from Ceylon by any person through the Corporation shall be deemed not to be a contravention of the provisions of sub-section (1).

17. (1) The Minister of Finance may, subject to the provisions of sub-section (2), by Order published in the *Gazette* transfer to the Corporation any immovable property of the Crown required for the purposes of the Corporation.

(2) No immovable property of the Crown shall be transferred to the Corporation under sub-section (1) without the prior concurrence of the Minister to whom the subject of Crown lands is for the time being assigned

(3) Upon the publication of an Order under sub-section (1) in the *Gazette*, the properties specified in the Order shall vest in and be the properties of the Corporation.

18. The Minister of Finance may, by Order published in the *Gazette*, approve of the proposed acquisition of any land, other than Crown land, for the purposes of the Corporation, and where such an Order is so published, the land specified in the Order shall be deemed to be required for a public purpose and may be acquired under the Land Acquisition Act, and, when so acquired, shall be transferred to the Corporation under that Act.

19. For the purpose of the discharge of its functions under this Act, the Corporation may—

- (a) acquire and hold any movable or immovable property, and dispose of any movable or immovable property acquired or held by it so, however, that no such immovable property shall be so disposed of without the prior approval of the Minister of Finance;
- (b) establish its own departments or agencies, or make contracts or other arrangements with Government Departments, local authorities or any other person; and
- (c) do all such other acts or things whatsoever as may be necessary for that purpose.

20. (1) The Corporation may make rules in respect of all or any of the following matters:—

- (a) the establishment of a provident fund for its employees, the contributions to be made to such fund both by the Corporation and such employees, and the compulsory deduction of such contributions from the salaries of such employees; and
- (b) the meetings of the Corporation, and the procedure to be followed at such meetings.

(2) No rule made under sub-section (1) shall have effect until it has been approved by the Minister of Finance.

21. (1) The Corporation may, with the concurrence of the Minister of Finance, make by-laws for or in respect of all or any of the following matters:—

- (a) all matters for which by-laws are necessary to enable the Corporation to effectively exercise, discharge and perform its powers, duties and functions under this Act;
- (b) all matters for which by-laws are necessary for the purpose of carrying out the principles and provisions of this Act; and
- (c) all matters required to be prescribed under this Act, or for which by-laws are authorized to be made under this Act.

(2) Without prejudice to the generality of the powers conferred by sub-section (1), the Corporation may, with the concurrence of the Minister of Finance, make by-laws for or in respect of all or any of the following matters:—

- (a) the prohibition of the carrying on of the gem industry, (other than the importing of gems into, or the exporting of gems from, Ceylon) except under the authority, or otherwise than in accordance with the terms or conditions, of any licence issued by the Corporation;

- (b) the making of applications for such licences, and the procedure to be followed for the making and disposal of such applications;
- (c) the imposition and recovery of fees for the issue of such licences and the renewal of such licences and the levy and recovery of charges in respect of services rendered by the Corporation in the exercise, discharge or performance of its powers, functions or duties under this Act;
- (d) the circumstances in which applications for such licences may be granted or refused by the Corporation;
- (e) the terms and conditions subject to which such licences may be issued, and the period of validity of such licences;
- (f) the circumstances in which such licences may be cancelled or suspended by the Corporation;
- (g) appeals to the Minister of Finance against such refusal, cancellation or suspension;
- (h) the procedure to be followed for the making and disposal of such appeals;
- (i) the purchase, and the arrangements to be made for the sale, of gems delivered to the Corporation under the Act;
- (j) the making of declarations, from time to time, by persons other than the Corporation, carrying on the gem industry of the total value of gems belonging to such persons and the members of their families, if such value exceeds such amount as shall be specified in the by-law; and
- (k) all other matters connected with or incidental to the matters aforesaid.

(3) In particular, but without prejudice to the generality of the powers conferred by sub-section (1) or sub-section (2), by-laws made in respect of the issue of licences may prohibit the issue of such licences until the prospective licensee has, if called upon so to do by the Corporation, furnished to the Corporation, cash security of such an amount, not exceeding the maximum amount prescribed by-law, as may be determined by the Corporation to be necessary for the purpose of ensuring his compliance with the terms and conditions of his prospective licence, and the provisions of this Act and the by-laws made thereunder. Different amounts of cash security may be demanded by the Corporation from prospective licensees of different classes or descriptions so, however, that the amount so demanded shall not exceed the maximum amount hereinbefore referred to.

(4) By-laws made under this Act in respect of the issue of licences may, *inter alia*, provide—

- (a) for the issue by the Corporation of receipts for cash paid as security for the issue of such licences; and

(b) for the circumstances in which—

(i) the cash security so paid shall be forfeited in whole or in part to the Corporation; or

(ii) the cash security so paid may be refunded in whole or in part to the person entitled thereto.

(5) By-laws made under this Act in respect of the issue of licences may, *inter alia*, provide for the issue of special licences to carry on only any such trade or business constituting such industry as shall be specified in the licence.

(6) By-laws made under this Act in respect of fees for licences may provide for the imposition of such fees at different rates in the case of licences of different classes or descriptions.

(7) Every by-law made by the Corporation, with the concurrence of the Minister of Finance, shall be published in the *Gazette* and shall come into operation on the date of such publication, or on such later date as may be specified therein.

(8) Every by-law made by the Corporation with the concurrence of the Minister of Finance shall, as soon as convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any by-law which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to the validity of anything previously done thereunder.

PART III.

FINANCE AND ACCOUNTS

22. (1) The initial capital of the Corporation shall be fifty million rupees and such capital shall consist of grants or loans given or made available by the Government on such terms and conditions as may be determined by the Minister of Finance.

(2) The amount of the initial capital of the Corporation shall be paid to the Corporation in such instalments as may be determined by the Minister of Finance.

(3) The capital of the Corporation may be increased from time to time by such amount as may be authorized by any Appropriation Act or by resolution of the House of Representatives and that amount shall be paid or made available to the Corporation by the Government by way of grant or loan on such terms and conditions as may be determined by the Minister of Finance.

(4) The capital of the Corporation contributed by the Government by way of grants shall not be reduced except in such manner as may be determined by resolution of the House of Representatives.

23. The Corporation may, with the consent of the Minister of Finance or in accordance with the terms of any general authority given by him, borrow, by way of overdraft or otherwise, or negotiate and obtain on credit terms such sums as the Corporation may require for meeting the obligations of the Corporation, or exercising, discharging or performing its powers, functions or duties under this Act:

Provided, however, that the aggregate of the amounts outstanding in respect of any loans raised by the Corporation under this section shall not at any time exceed such amount as may be determined by the Minister of Finance.

24. All moneys of the Corporation which are not immediately required for the purposes of the business of the Corporation may be invested by the Corporation in such manner as the Corporation may determine with the approval of the Minister of Finance.

25. The revenue of the Corporation in any year consisting of moneys received in the exercise or the performance of its powers, duties or functions, including income from the sale of capital assets, shall be applied in defraying the following charges:-

- (a) the working and establishment expenses of the Corporation in connection with the exercise and performance of its powers, duties and functions, properly chargeable to revenue account;
- (b) allocations to cover the depreciation of the movable and immovable property of the Corporation;
- (c) the interest on any loans raised by the Corporation under the provisions of this Act;
- (d) any losses incurred in the sale of capital assets;
- (e) income tax.

26. (1) The net surplus revenue for any year, if any, out of the revenue of the Corporation after defraying the charges mentioned in section 25, may be appropriated by the Corporation for any or all of the following purposes with the approval of the Minister of Finance:-

- (a) writing off the preliminary expenses incurred in the formation of the Corporation;
- (b) writing off any accumulated losses brought forward;
- (c) writing off any unproductive expenditure not properly chargeable to revenue account;
- (d) transfers to the assets replacement reserve which the Corporation is hereby authorized to establish and maintain;

(e) transfers to the loan redemption reserve which the Corporation is hereby authorized to establish and maintain;

(f) transfers to the development reserve which the Corporation is hereby authorized to establish and maintain.

(2) No debits against or transfers out of the reserves mentioned in sub-section (1) shall be made by the Corporation except with the approval of the Minister of Finance.

(3) All sums remaining out of the net surplus revenue of the Corporation in any year after the appropriations mentioned in sub-section (1) have been satisfied shall be paid to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund.

27. (1) The Corporation shall cause proper accounts of the income and expenditure and of all the other transactions of the Corporation to be kept, and shall prepare an annual statement of accounts and statistics relating to the business of the Corporation in such form and containing such particulars as the Minister of Finance may from time to time specify. The financial year of the Corporation shall be the period of twelve months commencing on the first day of January.

(2) The books and the accounts of the Corporation shall be kept at the head office of the Corporation.

28. (1) The accounts of the Corporation for each financial year shall be submitted to the Auditor-General for audit within four months of the close of the financial year. For the purpose of assisting him in the audit of such accounts, the Auditor-General may employ the services of any qualified auditor or auditors who shall act under his direction and control.

(2) For the purpose of meeting the expenses incurred by him in the audit of the accounts of the Corporation, the Auditor-General shall be paid by the Corporation such remuneration as the Minister of Finance may determine. Any remuneration received from the Corporation by the Auditor-General shall, after deducting any sums paid by him to any qualified auditor or auditors employed by him for the purposes of such audit, be credited to the Consolidated Fund.

(3) The Auditor-General and any person assisting the Auditor-General in the audit of the accounts of the Corporation shall have access to all such books, deeds, contracts, accounts, vouchers and other documents of the Corporation as the Auditor-General may consider necessary for the purposes of the audit, and shall be furnished by the Corporation and officers of the Corporation with such information within their knowledge as may be required for such purposes.

(4) The Auditor-General shall examine the accounts of the Corporation and furnish a report—

(a) stating whether he has or has not obtained all the information and explanations required by him;

- (b) stating whether the accounts referred to in the report are properly drawn up so as to exhibit a true and fair view of the affairs of the Corporation; and
- (c) drawing attention to any item in the accounts which in his opinion may be of interest to the Senate and the House of Representatives in any examination of the activities and accounts of the Corporation.

(5) The Auditor-General shall transmit his report to the Corporation within four months of the receipt of the accounts of the Corporation.

(6) For the purposes of this section, the expression "qualified auditor" means—

- (a) an individual who, being a member of the Institute of Chartered Accountants of Ceylon, possesses a certificate to practise as an Accountant issued by the Council of that Institute; or
- (b) a firm of Chartered Accountants each of the partners of which, being a member of that Institute, possesses a certificate to practise as an Accountant issued by the Council of that Institute.

29. (1) The Corporation shall, as soon as possible after the end of each financial year of the Corporation, prepare a report on the exercise, discharge and performance by the Corporation of its powers, functions and duties during that year and on its policy and programme. Such report for any year shall set out any direction given by the Minister of Finance to the Corporation during that year.

(2) The Corporation shall, on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister of Finance:—

- (a) the Auditor-General's report;
- (b) the balance sheet;
- (c) the operating and profit and loss accounts;
- (d) the statement of accounts and statistics prepared under section 27; and
- (e) the report of the Corporation giving an account of the work of the Corporation.

(3) The Minister of Finance shall lay copies of the documents transmitted to him under sub-section (2) before the Senate and the House of Representatives before the end of the year next following the year to which such report and accounts relate.

(4) The Corporation shall cause copies of the report of the Corporation and of the Auditor-General's report and statement of accounts and statistics referred to in sub-section (2) to be printed at the expense of the Corporation and to be made available for purchase by the public at such price as shall be determined by the Corporation.

PART IV.

GENERAL

30. (1) There shall be a fund which shall be called the Gem Reward Fund (in this Act referred to as "the reward fund").

(2) The Corporation shall be responsible for the administration of the reward fund.

(3) There shall be credited to the reward fund all fines and penalties paid or recovered under this Act, the proceeds of the sale of all articles which are forfeited to Her Majesty under this Act, and all donations made to such fund.

(4) The Corporation may, from time to time, pay out of the reward fund a reward—

- (a) to any employee of the Corporation; or
- (b) to any public officer; or
- (c) to any informer,

of such sum of money as it may deem fit and necessary so to do, so however that such sum shall not, except with the prior concurrence of the Minister of Finance, exceed the sum fixed as the maximum limit of rewards by by-laws which are hereby authorized to be made for that purpose under this Act.

(5) Such amounts, out of the balance moneys remaining in the reward fund after the payments referred to in sub-section (4) have been made, as may be determined from time to time by the Minister of Finance, may be transferred by the Corporation from that fund to the funds of the Corporation.

(6) The accounts of the reward fund shall be audited annually by the Auditor-General.

31. Any authorized officer of the Corporation may—

- (a) enter and inspect any place in which the gem industry is being carried on under the authority of a licence issued under this Act, or in which he has reason to believe such industry is being carried on without the authority of such licence; or
- (b) stop, enter and inspect any vehicle or vessel in which he has reason to believe any gems are being transported or imported or exported in contravention of the provisions of this Act or any by-laws made thereunder;

- (c) search for gems in such place, vehicle or vessel;
- (d) examine any records maintained under this Act and take copies of such records; and
- (e) search for any books, registers, records or other documents which in his opinion will be necessary or useful for the prosecution of any person for an offence under this Act, to examine and place marks of identification on such books, registers, records or other documents and to make extracts or copies therefrom.

32. (1) Any authorized officer of the Corporation may, if he has reason to believe that any offence under this Act has been or is committed, seize and detain—

- (a) any article in connection with which the offence is believed to have been or to be committed or which is believed to have been or to be used in or in connection with the commission of the offence; and
- (b) any book, register, record or other document which in his opinion will be necessary or useful for the prosecution of any person for an offence under this Act.

(2) Where any authorized officer of the Corporation seizes any article under sub-section (1), such article shall be kept in the custody and control of the Corporation pending its disposal as hereinafter provided.

(3) Any person aggrieved by the seizure of any article by any authorized officer of the Corporation under sub-section (1) may, within a period of thirty days after the date of such seizure, make an application in writing against such seizure to any District Court within the local limits of whose jurisdiction such seizure was effected.

(4) Where—

- (a) no application against the seizure of any article by any authorized officer of the Corporation under sub-section (1) is made to any District Court under sub-section (3) within the period specified in that sub-section, such article shall be forfeited to Her Majesty on the expiration of that period; or
- (b) any application so made is dismissed by a determination of the District Court, such article shall be forfeited to Her Majesty as from the date of such determination.

33. An application which a person may make to a District Court under section 32 shall be in writing and in the form of a plaint in a civil suit. In the application such person shall be described as the plaintiff and the authorized officer of the Corporation as the defendant. The application shall contain—

- (a) the name of the District Court and the date of the making of the application to the Court;
- (b) the name and address of the authorized officer of the Corporation;
- (c) a plain and concise statement of the matter which has to be determined by the Court, namely, that the seizure of the article, which is the subject-matter of the application, by such officer under sub-section (1) of section 32 was unlawful as there was no ground for such seizure under that sub-section, and accordingly that the Court shall determine—
 - (i) that such seizure was unlawful;
 - (ii) that such article shall be forthwith returned to the plaintiff.

34. In any proceedings in any District Court on any application made to it under section 32 in respect of the seizure of any article under sub-section (1) of that section, the burden of proving that such seizure under that sub-section was unlawful shall lie on the plaintiff.

35. (1) The proceedings in any District Court on any application made to it under section 32 shall be subject to the procedure provided by the Civil Procedure Code for civil suits.

(2) No stamp duty shall be required for any proceedings referred to in sub-section (1).

(3) All such proceedings in any District Court as are referred to in sub-section (1) shall be taken up before any other business of that Court unless special circumstances of urgency in such other business render it impossible to do so.

(4) In making any determination allowing an application under section 32 in respect of any article a District Court shall direct the Corporation to forthwith return such article to the plaintiff, and it shall be the duty of the Corporation to comply with that direction.

(5) The determination of a District Court on any application made to it under section 32 shall be final.

36. (1) The District Court to which an application is made under section 32 may award to any party to the application an amount determined by that Court as the costs of the proceedings relating to that application.

(2) All such costs awarded to any authorized officer of the Corporation under sub-section (1) may be recovered in like manner as if they were costs incurred in a civil suit.

37. No person shall obstruct or resist, or attempt to obstruct or resist,—

- (a) any authorized officer of the Corporation in the exercise of his power of entry, inspection, search or seizure conferred on him by this Act; or

- (b) any employee of the Corporation, in the exercise, discharge or performance of any power, function or duty conferred or imposed on him by this Act or any by-law or regulation made thereunder.

38. (1) The Minister of Finance may make regulations for or in respect of any matter for which regulations are authorized to be made.

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

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

39. (1) Any offence under this Act committed by any person may be compounded by the Corporation upon the payment by such person of a penalty not exceeding such amount as may be determined by the Corporation, being an amount not exceeding five times and not less than twice the maximum fine which may be imposed for that offence.

(2) Where an offence under this Act committed by any person is compounded by the Corporation under sub-section (1), no prosecution for that offence shall be instituted or maintained against that person.

40. (1) Any person who contravenes the provisions of this Act or any by-law or regulation made thereunder shall be guilty of an offence under this Act and, if no other punishment is expressly provided by or under this Act for such offence, shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a period of not less than one month or to a fine of not less than five hundred rupees, or to both such imprisonment and fine.

(2) By-laws may be made under this Act prescribing the punishments, other than the punishments referred to in sub-section (1), which may be imposed in respect of offences under this Act committed by reason of a contravention of any of the provisions of any by-law.

41. A Magistrate's Court may, on the conviction of any person for an offence under this Act, make order that any article in connection with which the offence was committed or which was used in or in connection with the commission of the offence shall be forfeited to Her Majesty.

42. Any article forfeited to Her Majesty under this Act or under any by-law or regulation made thereunder shall,—

- (a) if such article is not a gem, whether uncut or cut or unmounted or mounted, be sold by the Fiscal by public auction in accordance with such directions as may be issued by the Minister of Finance; or

(b) if such article is any such gem, be delivered to the Corporation.

43. The Corporation may compound any claim or demand made against the Corporation by any person for such sum or other compensation as it may deem sufficient.

44. Where an offence under this Act is committed by a body corporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate shall be deemed to be guilty of that offence unless he proves that that offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of that offence as he ought to have exercised having regard to the nature of his functions and in all the circumstances.

45. (1) In any proceedings under this Act in respect of any article purporting to be a gem of any particular class or description, a document purporting to be a certificate issued under the hand of the Chairman of the Corporation, or any other member or officer of the Corporation authorized in that behalf by such Chairman, to the effect that such article is a gem of that class or description and that such proceedings are in respect of such article may be used as evidence in such proceedings, and shall be *prima facie* evidence of the facts stated therein until the contrary is proved.

(2) A court may presume that the signature of the document referred to in sub-section (1) is genuine and that the person signing it held the office he professed to hold at the time of signing it, and accordingly such person need not be called as a witness to prove such document.

46. Any company or other body of persons may, notwithstanding anything to the contrary in any written law or instrument relating to its functions, enter into and perform all such contracts with the Corporation as may be necessary for the discharge of the functions, the performance of the duties, and the exercise of the powers, of the Corporation.

47. (1) No suit or prosecution shall lie—

(a) against the Corporation for any act which in good faith is done or purports to be done by the Corporation under this Act; or

(b) against any member, officer, servant or agent of the Corporation for any act which in good faith is done or purports to be done by him under this Act or on the direction of the Corporation.

(2) Any expenses incurred by the Corporation in any suit or prosecution brought by or against the Corporation before any court shall be paid out of the moneys of the Corporation, and any costs paid to, or recovered by, the Corporation in any such suit or prosecution shall form part of the moneys of the Corporation.

(3) Any expenses incurred by any such person as is referred to in paragraph (b) of sub-section (1) in any suit or prosecution brought against him before any court in respect of any act which is done or purports to be

done by him under this Act or on the direction on the Corporation shall be paid out of the moneys of the Corporation, unless such expenses are recovered by him in such suit or prosecution.

48. No writ against person or property shall be issued against a member of the Corporation in any action brought against the Corporation.

49. The Corporation shall be deemed to be a scheduled institution within the meaning of the Bribery Act, and the provisions of that Act shall be construed accordingly.

50. The Schedule to this Act may be amended, from time to time, by the Minister of Finance by Order published in the *Gazette*. Every such Order shall come into force on the date of such publication or on such later date as may be specified therein.

51. (1) In this Act, unless the context otherwise requires—

“Chairman” means the Chairman of the Corporation;

“company” has the same meaning as in the Companies Ordinance;

“gem” includes a precious stone or a semi-precious stone, and a product of any gem or any such stone;

“gem industry” means any trade or business of all or any of the following classes or descriptions:—

(a) mining for gems or gemming;

(b) importing gems into, or exporting gems from, Ceylon;

(c) selling, purchasing or supplying gems;

(d) cutting, polishing, engraving or carving gems;

(e) valuing gems;

“local authorities” means Municipal Councils, Urban Councils, Town Councils or Village Councils;

“public officer” means any person holding a paid office under the Crown in respect of the Government of Ceylon;

“scheduled written law” means the provisions of written law for the time being specified in the Schedule to this Act.

(2) For the purposes of this Act, a person shall be deemed to carry on the gem industry if he carries on all or any of the trades or businesses of the classes or descriptions which constitute that industry within the meaning of this Act.

(3) For the purposes of this Act, the expression "officer authorized by the Corporation", in relation to either or both sections 31 and 32 or any context connected therewith or incidental thereto, means any officer of the Corporation authorized by the Corporation to act under either or both such sections, as the case may be.

SCHEDULE

Provisions of Written law

Sections 2 (6), 8, 17, 18, 20, 77 (1), 78, 87, 88 and 89 of the Crown Lands Ordinance (Chapter 454).

Gemming Ordinance, No. 5 of 1890, as subsequently amended from time to time.

Sections 2, 3, 7, 8, 9, 10, 11, 12, 15, 16, 17 (2), 18, 19, 39, 41, 42 and 43 of the Mines, Quarries, and Minerals Ordinance (Chapter 210).

Exchange Control (Amendment) Act, No. 17 of 1971

AN ACT TO AMEND THE EXCHANGE CONTROL ACT.

(Date of Assent: March 24, 1971)

1. This Act may be cited as the Exchange Control (Amendment) Act, No. 17 of 1971.

2. Section 6 of the Exchange Control Act, hereinafter referred to as the "principal Act", is hereby amended as follow:-

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

'(1) The foreign exchange to which this section applies is such foreign exchange (hereafter in this Act referred to as the "specified foreign exchange") as may be prescribed.'

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

"(2) The bank may require any person in, or resident in, Ceylon-

(a) who owns or holds any specified foreign exchange to offer it or cause it to be offered for sale to an authorized dealer at a price determined by the Monetary Board, or

(b) who is entitled to assign any right to receive any specified foreign exchange to transfer, such right to the Deputy Secretary to the Treasury on payment of such consideration as the Monetary Board may fix,

unless the bank consents to his retention and use of such foreign exchange or he disposes of such foreign exchange to any person with the permission of the bank.”;

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

- (a) by the substitution, for the words “specified foreign currency” of the words “specified foreign exchange”;
- (b) by the substitution, for the words “requires that gold or currency”, of the words “requires that gold or exchange” and
- (c) by the substitution, for the words “to that gold or currency”, of the words “to that gold or exchange”;

(4) in sub-section (4) of that section—

- (a) by the substitution, for the words “specified foreign currency”, of the words “specified foreign exchange”;
- (b) by the substitution, for the words “of that gold or currency”, of the words “of that gold or exchange”; and
- (c) by the substitution, for the words “for that gold or currency”, of the words “for that gold or exchange”;

(5) in sub-section (5) of that section, by the substitution, for the words “specified foreign currency”, of the words “specified foreign exchange”;

(6) in sub-section (6) of that section—

- (a) by the substitution, for the words “specified foreign currency”, of the words “specified foreign exchange”;
- (b) by the substitution, for the words “direct that that gold or currency”, of the words “direct that that gold or exchange”; and
- (c) by the substitution, for the words “for that gold or currency”, of the words “for that gold or exchange”;

(7) in sub-section (7) of that section, by the substitution, for the words “the gold or currency”, of the words “the gold or exchange”; and

(8) in the marginal note to that section, by the substitution, for the words “specified foreign currency”, of the words “specified foreign exchange”.

3. The principal Act is hereby amended by the insertion, immediately after section 6 thereof, of the following new section which shall have effect as section 6A of that Act:—

6A. Except with the permission of the bank, no person shall have in his possession any foreign currency”.

4. The following new Part is hereby inserted immediately after Part I of the principal Act:—

PART I A

CONTROL OF FOREIGN ASSETS

6AA. (1) No person in, or resident in, Ceylon shall, except with the permission of the bank,—

- (a) open an account with any bank or institution doing any kind of banking business outside Ceylon (hereinafter referred to as a “foreign bank”);
- (b) continue to maintain, or operate on, an account which has already been opened in any foreign bank; or
- (c) close an account with any foreign bank.

(2) Where an account maintained by a person in, or resident in, Ceylon with any foreign bank is closed, such person shall not dispose of the funds to his credit at such foreign bank at the time of closing of such account, except in accordance with such directions as may from time to time be given to him by the Central Bank.

6AB. Every person in, or resident in, Ceylon who, on the date of commencement of this Act, holds, or who, after such date, acquires by way of purchase, gift, testamentary disposition or otherwise, any foreign assets—

- (a) shall, within one month of the commencement of this Act or the acquisition of the assets, as the case may be, render to the bank a return in such manner and giving such particulars with respect to the assets as may be prescribed; and
- (b) shall not dispose of such assets or part thereof in any manner whatsoever except in accordance with such directions as may be given to him by the bank’.

5. Section 17 of the principal Act is hereby amended as follows:—

- (1) in sub-section (1) of that section, by the substitution, for the words “in a specified foreign currency” wherever those words occur collectively in that sub-section, of the words “in any foreign currency”; and
- (2) by the repeal of sub-section (2) of that section, and the substitution therefor, of the following new sub-section:—

“(2) Except with the permission of the Minister, no person shall, in Ceylon, and no person resident in Ceylon shall, outside Ceylon, acquire, hold or transfer any security to which this section applies or do anything which affects his rights or powers in relation to any such security”.

6. Section 26 of the principal Act is hereby amended as follows:-

- (1) by the substitution, for the words “specified foreign currency” wherever those words occur collectively in that section, of the words “specified foreign exchange”; and
- (2) by the substitution, for the words “that currency”, of the words “that exchange”.

7. Section 38 of the principal Act is hereby amended, in paragraph (b) of that section, by the substitution for the words “specified foreign currency”, of the words “specified foreign exchange”.

8. Section 54 of the principal Act is hereby amended as follows:-

- (1) by the substitution for the definition of “Ceylon currency”, of the following new definition:-

“Ceylon currency” means currency which is expressed or drawn in Ceylon rupees;;

- (2) in the definition of “currency”, by the substitution for the words “means coins and currency notes, and includes bank notes,”, of the words “includes coins, currency notes, bank notes,”;

- (3) by the insertion, immediately after the definition of “currency”, of the following new definition:-

“foreign assets” means any movable or immovable property outside Ceylon of any class or description whatsoever and without prejudice to the generality of the preceding provisions of this definition, includes foreign exchange, foreign currency, gold and securities;;

- (4) by the substitution, for the definition of “foreign currency”, of the following new definition:-

“foreign currency” means any currency other than Ceylon currency and includes any currency payable by a foreign Government or institution to a person in, or resident in, Ceylon in respect of his pension or other gratuities due to him;;

(Lx)

- (5) by the insertion, immediately after the definition of "foreign currency", of the following new definition:-

' "foreign exchange" means foreign currency and includes all deposits, credits and balances payable in any foreign currency, and any such drafts, travellers' cheques, letters of credit and bills of exchange as are expressed or drawn in Ceylon currency but payable in any foreign currency;'; and

- (6) by the substitution for the definition of "specified foreign currency", of the following new definition:-

' "specified foreign exchange" has the meaning assigned to it by section 6;'.

Employees' Provident Fund (Special Provisions)

Act, No. 24 of 1971

AN ACT TO PROVIDE FOR THE RETROSPECTIVE OPERATION OF CERTAIN PROVISIONS RELATING TO THE RECOVERY OF ARREARS OF PAYMENT DUE FROM EMPLOYERS UNDER THE EMPLOYEES' PROVIDENT FUND ACT, NO. 15 OF 1958.

(Date of Assent: June 28, 1971)

1. This Act may be cited as the Employees' Provident Fund (Special Provisions) Act, No. 24 of 1971.

2. Notwithstanding anything to the contrary in section 1 of the Employees' Provident Fund (Amendment) Act, No. 8 of 1971, the new section 38 inserted in the Employees' Provident Fund Act, No. 15 of 1958, by section 12 of the Employees' Provident Fund (Amendment) Act, No. 8 of 1971, shall, for all purposes, be deemed to have come into operation on the date of the commencement of the Employees' Provident Fund Act, No. 15 of 1958.

Holidays Act, No. 29 of 1971

AN ACT TO DECLARE EVERY FULL MOON POYA DAY AND SUNDAY AS PUBLIC HOLIDAYS; TO MAKE SPECIAL PROVISION FOR THE OBSERVANCE OF THE FULL MOON POYA DAY; TO REPEAL THE HOLIDAYS ACT, NO. 17 OF 1965; AND TO MAKE PROVISION IN REGARD TO MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date of Assent: August 26, 1971)

1. This Act may be cited as the Holidays Act, No. 29 of 1971, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*

PART 1

PUBLIC AND BANK HOLIDAYS

2. It is hereby declared that every Full Moon Poya Day and every Sunday—

- (a) shall be a public holiday; and
- (b) shall be a bank holiday.

3 Subject to the provisions of section 4—

- (a) the several days specified in the First Schedule hereto shall, in addition to the Full Moon Poya Days and Sundays, be public holidays; and
- (b) the several days specified in the Second Schedule hereto shall, in addition to the Full Moon Poya Days and Sundays, be bank holidays.

4. The Minister may by Order published in the *Gazette* from time to time amend or vary the First Schedule or the Second Schedule to this Act or may from time to time replace any such Schedule by a new Schedule.

5. (1) Every public holiday—

- (a) shall be a *dies non*; and
- (b) shall be kept as a holiday.

(2) Every bank holiday shall be kept as a close holiday in every bank.

6. (1) No person shall be compellable to make any payment or to do any act upon a bank holiday which he would not be compelled to make or to do on a Full Moon Poya Day or a Sunday; and accordingly, the obligation to make such payment or to do such act shall apply to the date next following such bank holiday which is not itself a Full Moon Poya Day or a Sunday or a bank holiday; and the making of such payment or the doing of such act on such following day shall be deemed, for all purposes, to be the equivalent to the making of such payment or the doing of such act on such bank holiday.

(2) Nothing in the preceding provisions of this section shall affect the law for the time being in force relating to bills of exchange or promissory notes, nor shall anything in such provisions apply to any payment or act to be made or done in a court or public office on a bank holiday which is not a public holiday.

7. For the purpose of avoiding the causing of inconvenience to the public or of the disruption of services essential to the life of the community, the Minister, with the concurrence of the Minister charged with the

administration, of the functions of any public office or any Government department, may, from time to time, by Order published in the *Gazette* declare that, for the purposes of or in relation to that office or department or any holder of that office or any member of that department, the Full Moon Poya Day or the Sunday shall not be a public holiday, and that in addition, only such of the days for the time being specified in the First Schedule to this Act as are also specified in that Order shall, notwithstanding anything to the contrary in this Act, be public holidays.

8 The Minister may from time to time by Order published in the *Gazette*, declare that, as respects any such year as shall be specified in that Order, each such day in each such month in that year as may be so specified shall be a Full Moon Poya Day for the purposes of this Act.

9. (1) (a) Where, for the purpose of enabling, the benefits and advantages of the new scheme of holidays embodied in the principles and provisions of this Act to be enjoyed by or extended to employees of any particular class or description, certain adjustments or changes in the terms or conditions of their employment are necessary but such adjustments or changes cannot be made or effected without amending or modifying the provisions of any written law (other than this Act) by or under which such terms or conditions are governed, than, the Minister may make regulations under this Act amending or modifying any such written law to such extent or in such manner as may be necessary for that purpose and, in particular, but without prejudice to the generality of the powers conferred by the preceding provisions of this paragraph, so amending or modifying the Wages Boards Ordinance, the Shop and Office Employees (Regulation of Employment and Remuneration) Act, and the Factories Ordinance. In deciding upon the adjustments or changes to be so made or effected due regard shall be had both to the existing rights and obligations of employers and employees and to the desirability of ensuring that such adjustments or changes have as far as practicable no adverse impact on the general pattern of economic activity in Ceylon and on Ceylon's trade with other countries.

(b) In paragraph (a) of this sub-section, the expression "terms or conditions of employment" includes such matters as hours of work, remuneration, payment of overtime, holidays and hours or days of rest.

(c) No regulation shall be made by the Minister under this Act in respect of any matter referred to in the preceding provisions of this sub-section except with the prior concurrence of the Minister to whom the subject or function of Labour is assigned by the Prime Minister.

(2) (a) The Minister may make regulations under this Act for such purpose or purposes as may be necessary to give full force and effect to the principles and provisions of this Act.

(b) In particular, but without prejudice to the generality of the powers conferred by the preceding provisions of this sub-section, the Minister may make regulations for or in respect of all or any of the following matters:—

- (i) all matters connected with the application and enforcement of this Act in respect of which the provisions of this Act require to be modified or supplemented to meet special contingencies or circumstances;
- (ii) the determination or adjustment of any question or matter relating to public holidays and bank holidays or matters connected therewith or incidental thereto for the determination or adjustment of which no provision or effective provision is made by this Act;
- (iii) the removal or adjustment of any conflict or inconsistency between the provisions of this Act and any other written law (other than any written law referred to in subsection (1);
- (iv) all other matters connected with or incidental to the matters aforesaid.

(c) Regulations made under the preceding provisions of this sub-section may provide for all such amendments, modifications or variations in this Act or any other written law (not being any written law referred to in sub-section (1)) as may be necessary to achieve the object of such regulations.

(3) Any regulation made under this Act may be of general application, or may be limited in its application to any specified purpose or purposes.

(4) No regulation made by the Minister under this Act shall have effect until it has been approved by the Senate and the House of Representatives, nor until notification of such approval has been published in the *Gazette*.

(5) Every regulation made by the Minister under this Act shall, upon the publication in the *Gazette* of a notification of the approval of that regulation as provided in sub-section (4), be deemed to be as valid and effectual as though it were herein enacted.

10. (1) The Minister may, without amending or varying the First Schedule to this Act, from time to time, by Order published in the *Gazette*, declare that—

- (a) any such day in any such month in any such year as may be specified in that Order, not being a day for the time being specified in that Schedule, shall be a public holiday for the purposes of this Act in addition to the days for time being specified in that Schedule; or
- (b) any such day in any such month in any such year as may be specified in that Order shall be a public holiday for the purposes of this Act, in lieu of any day for the time being specified in that Schedule.

(2) Any Order made by the Minister under sub-section (1) declaring any day to be a public holiday for the purposes of this Act shall come into force upon the date of its publication in the *Gazette*, or upon such later date as may be specified therein, and shall cease to be in force on the day immediately succeeding that day.

11. (1) The Minister may, without amending or varying the Second Schedule to this Act, from time to time, by Order published in the *Gazette*, declare that—

(a) any such day in any such month in any such year as may be specified in that Order, not being a day for the time being specified in that Schedule, shall be a bank holiday for the purposes of this Act, in addition to the days for the time being specified in that Schedule; or

(b) any such day in any such month in any such year as may be specified in that Order shall be a bank holiday for the purposes of this Act, in lieu of any day for the time being specified in that Schedule.

(2) Any Order made by the Minister under sub-section (1) declaring any day to be a bank holiday for the purposes of this Act shall come into force upon the date of its publication in the *Gazette*, or upon such later date as may be specified therein, and shall cease to be in force on the day immediately succeeding that day.

12. The Holidays Act, No. 17 of 1965, is hereby repealed:

Provided, however, that, notwithstanding the repeal of the aforesaid Act, all regulations made under that Act shall be deemed to continue in force and may be amended or rescinded by regulations made under this Part of this Act.

PART II

OBSERVANCE OF FULL MOON POYA DAYS

13. (1) No person shall on any Full Moon Poya Day keep open for business—

(a) any night club, dance hall or any place of public performance; or

(b) any arrack tavern, toddy tavern, foreign liquor shop, liquor bar; or any other premises where any liquor is kept for sale; or

(c) any place where betting on horse-racing or gambling of any description whatsoever is carried on; or

(d) any meat stall.

(2) The provisions of sub-section (1) shall have effect notwithstanding any other law or any terms or conditions of any licence or permit issued under any written law.

14. No person shall, on any Full Moon Poya Day, slaughter any animal for the purpose of sale, or sell or offer for sale, the flesh of any animal.

15. Notwithstanding the provisions of section 13 it shall be lawful for a person to present any public performance if he obtains the prior written approval of the Minister in charge of the subject of Cultural Affairs.

PART III

GENERAL

16. (1) The Minister may make such regulations as he may deem necessary for the purpose of giving effect to the principles and provisions of Part II of this Act.

(2) No regulation made by the Minister under this section shall have effect until it has been approved by the Senate and the House of Representatives, nor until notification of such approval has been published in the *Gazette*.

(3) Every regulation made by the Minister under this section shall upon the publication in the *Gazette* of a notification of the approval of that regulation as provided in sub-section (2) be deemed to be as valid and effectual as though it were herein enacted.

17. (1) Any person who contravenes the provisions of this Act shall be guilty of an offence and shall be liable upon conviction after summary trial before a Magistrate to a fine not exceeding one thousand rupees or to a term of rigorous imprisonment not exceeding two years or to both such fine and imprisonment.

(2) Where any person has been convicted of an offence under the provisions of sub-section (1) and such person is the holder of a licence or permit relating to the subject-matter of that offence and issued under any written law, such licence or permit shall, notwithstanding anything in any other law or any terms or conditions subject to which such licence or permit was issued, be deemed *ipso facto* to be cancelled, void, and of no effect in law.

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

“animal” has the same meaning as in the Butchers’ Ordinance and further includes any fowl or turkey;

“bank holiday” means any day which is a bank holiday by virtue of the operation of the provisions of this Act;

“Full Moon Poya Day” means any day which is declared to be a Full Moon Poya Day by Order for the time being in force made by the Minister under this Act;

“public holiday” means any day which is a public holiday by virtue of the operation of the provisions of this Act;

“public performance” has the same meaning as in the Public Performances Ordinance.

FIRST SCHEDULE

PUBLIC HOLIDAYS

National Heroes' Day (January 1).

The Tamil Thai Pongal Day.

Id-ul-Fitr (Ramazan Festival Day).

Independence Commemoration Day (February 4)

Maha Sivarathri Day.

The day immediately prior to the Sinhala and Tamil New Year's Day.

The Sinhala and Tamil New Year's Day.

Good Friday.

May Day (May 1).

The day immediately following the Full Moon Poya Day of the Sinhala month of Wesak.

Id-ul-Azha (Hadji Festival Day.)

Milad-Un-Nabi (Holy Prophet's Birthday).

Bandaranaike Commemoration Day (September 26).

Deepavali Festival Day.

Christmas Day.

SECOND SCHEDULE

BANK HOLIDAYS

The Tamil Thai Pongal Day.

Independence Commemoration Day (February 4).

The Sinhala and Tamil New Year's Day.

May Day ((May 1).

Milad-Un-Nabi (Holy Prophet's Birthday).

June 30.

Deepavali Festival Day.

Christmas Day.

December 31,

National Savings Bank Act, No. 30 of 1971

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL SAVINGS BANK WITH THE OBJECT OF CARRYING ON, AMONGST OTHER ACTIVITIES, THE BUSINESS PRESENTLY CARRIED ON UNDER THE CEYLON SAVINGS BANK ORDINANCE, THE CEYLON POST OFFICE SAVINGS BANK ORDINANCE AND THE SAVINGS CERTIFICATES ORDINANCE, FOR THE REPEAL OF THOSE ORDINANCES, AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date of Assent: August 31, 1971)

1. This Act may be cited as the National Savings Bank Act, No. 30 of 1971, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette* (in this Act referred to as the "appointed date").

PART I

ESTABLISHMENT AND CONTROL OF THE NATIONAL SAVINGS BANK

2. (1) There shall be established a Corporation which shall be called the "National Savings Bank" (hereinafter referred to as the "Bank"), and which shall consist of the persons who are for the time being members of the Bank under section 6.

(2) The Bank shall, by the name assigned to it by sub-section (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

3. (1) The common seal of the Bank shall be in the custody of the Board of Directors of the Bank (hereinafter referred to as "the Board").

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

(3) The seal of the Bank shall not be affixed to any instrument or document except in the presence of two members of the Board both of whom shall sign the instrument or document in token of their presence.

4. (1) The Bank shall have its principal place of business in Colombo and may have such branches, agencies and agents as may be necessary for the transaction of the business of the Bank.

(2) For the purposes of sub-section (1) the Bank may appoint as an agency or agent, subject to such terms and conditions as may be prescribed, any person, commercial bank or body corporate.

5. (1) There shall be an Authority who shall be known as the Official Authority of the Bank for the purpose of assisting the Bank in the exercise, discharge and performance of its powers, functions and duties under this Act or any other written law, in this Act referred to as the "Official Authority".

(2) The Postmaster-General—

(a) shall be the Official Authority; and

(b) shall, in his capacity as that Authority and as that Authority only and by the name assigned to him in that capacity under this Act, be a corporation sole with perpetual succession and a common seal and may sue and be sued in his corporate name and shall, subject to the approval of the Board, be capable of acquiring, holding or alienating property, movable or immovable, and may appoint branch offices for the transaction of the business of the Bank.

(3) The Official Authority shall, as agent of the Bank, exercise, discharge or perform such powers, functions or duties of the Bank as are assigned or delegated to it by order, from time to time, made by the Board, and in the exercise, discharge or performance of such powers, functions or duties the Official Authority shall give effect to any directions which may, from time to time, be issued by the Board.

(4) The Board may, from time to time, by order assign or delegate to the Official Authority any of the powers, functions or duties conferred or imposed on the Bank under this Act or any other written law.

(5) Where the effect of any order of the Board under sub-section (4) is that any act or thing which may previously have been directly done by the Bank may be done by the Official Authority, or that any act or thing which may previously have been done by that Authority may be done directly by the Bank, the order may include such transitional provisions as to the parties by and against whom legal proceedings are to be instituted or continued, and such transitional powers, if any, as may appear to the Board to be expedient.

(6) As respect matters for the time being falling within the scope of any assignment or delegation by the Board under this section, the following provisions shall have effect, except as between the Official Authority and the Bank, that is to say, any rights, powers and liabilities of the Bank, including suits or prosecutions, shall be treated as rights, powers and liabilities of that Authority, and that Authority only; and any reference to the Bank under this Act or any other written law, or in any contract or document, shall be construed accordingly, and legal proceedings shall be brought by and against that Authority accordingly to the exclusion of the Bank:

Provided that if any sum required by any judgment or order to be paid by the Official Authority is not paid by such Authority within one month from the date on which the execution becomes leviable to enforce the judgment or order, the Bank shall be liable to pay that sum and that judgment or order shall be enforceable against the Bank accordingly.

(7) All powers, functions and duties which the Postmaster-General is empowered to exercise, discharge and perform under this Act or any other written law in his capacity as the Official Authority may be performed and

exercised by any officer of the department of the Postmaster-General, or by any sub-postmaster, generally or specially authorized thereto in writing by the Postmaster-General in his capacity as that Authority, subject to his direction and control, for such period and to such extent, if any, as may be specified in such written authority.

(8) It shall be deemed at all times to have been, and to be, a condition of the employment of a member of the public service (including the Postmaster-General) that, in the event of his having been or being so employed in the department of the Postmaster-General, he was, and is, liable, whether with or without his consent, to exercise, discharge and perform any power, function and duty referred to in sub-section (7) which he is generally or specially authorized in writing to exercise, discharge and perform by the Postmaster-General in his capacity as the Official Authority, being a power, function and duty which he would have been liable to exercise, discharge and perform but for the repeal by this Act of the Ceylon Savings Bank Ordinance, the Ceylon Post Office Savings Bank Ordinance and the Savings Certificates Ordinance.

6. The members of the Board shall be the members of the Bank.

7. (1) The general supervision, control and administration of the affairs and the business of the Bank shall be vested in the Board.

(2) The Board may exercise all or any of the powers of the Bank.

8. (1) The Board shall consist of—

(a) the Deputy Secretary to the Treasury or, if he is unable to attend any meeting of the Board, any other officer authorized by him to be present on his behalf at that meeting;

(b) the Postmaster-General or, if he is unable to attend any meeting of the Board, any other officer authorized by him to be present on his behalf at that meeting;

(c) an officer dealing with the subject of planning appointed by the Minister for the time being in charge of that subject; and

(d) four members appointed by the Minister.

(2) Before appointing a person to be a director under paragraph (d) of sub-section (1), the Minister shall satisfy himself that such person will have no such financial or other interest as is likely to affect prejudicially the discharge by such person of his functions as a director and the Minister shall also satisfy himself, from time to time, with respect to every director appointed by him that such director has no such interest.

(3) An appointed director shall hold office for three years unless he earlier resigns or is removed from office.

(4) The Minister, or the Minister for the time being in charge of the subject of planning, may, without assigning reason, remove any director appointed by him. The removal of any such director from office by the Minister, or the Minister for the time being in charge of the subject of planning, shall not be called in question in any court.

(5) An appointed director may resign his office by letter addressed to the Minister, or the Minister for the time being in charge of the subject of planning, as the case may be.

(6) A director vacating his office by resignation or effluxion of time shall be eligible for reappointment.

(7) If an appointed director vacates his office otherwise than by expiration of his term of office, a director may be appointed in his place by the Minister, or the Minister for the time being in charge of the subject of planning, as the case may be, and such second-mentioned director shall hold office during the unexpired part of the term of office of the director so vacating office.

(8) If an appointed director is temporarily unable to discharge the duties of his office on account of ill health or absence from Ceylon, the Minister, or the Minister for the time being in charge of the subject of planning, as the case may be, may appoint another eligible person to act for him.

9. A person shall be disqualified for being appointed a director or for continuing as an appointed director if he—

- (a) is a Senator or a Member of Parliament; or
- (b) is, under any law in force in Ceylon, found or declared to be of unsound mind; or
- (c) is a person who, having been declared an insolvent or a bankrupt under any law in force in Ceylon or in any other country, is an undischarged insolvent or bankrupt; or
- (d) is convicted of an offence involving moral turpitude and punishable with imprisonment for a term not less than six months; or
- (e) is an employee of the Bank.

10. The directors may be paid remuneration out of the funds of the Bank at such rates as the Minister may determine.

11. (1) The Minister shall appoint a Chairman from among the directors.

(2) The Board shall be presided over by the Chairman if present; but if a Chairman has not been appointed or if the Chairman is not present at the time fixed for holding a meeting of the Board, the directors present shall choose one of their number to preside.

(3) The Minister may, without assigning a reason, terminate the appointment of the Chairman. The termination of the appointment of the Chairman shall not be called in question in any court.

(4) The Chairman may resign the office of the Chairman by letter addressed to the Minister.

(5) Subject to the provisions of sub-sections (3) and (4), the Chairman shall hold office as long as he is a director.

12. The quorum for any meeting of the Board shall be four.

13. (1) A meeting of the Board shall be held as often as the Chairman may deem necessary:

Provided that a meeting of the Board shall be held once at least in every six weeks.

(2) The Chairman shall, upon a written requisition from any two directors, call a special meeting of the Board. No such special meeting shall be held unless at least four days' notice specifying the time of the meeting and the purpose for which it is to be held has been given by notice in writing to every director.

(3) Subject to the provisions of this Act, the procedure to be followed at meetings of the Board shall be as determined by rules made under this Act or, in the absence of such rules, as may be determined by the Board.

(4) The general manager of the Bank shall be present at the meetings of the Board unless the Board otherwise directs.

14. A director who or whose spouse or dependent child, is directly or indirectly interested in any business transacted or proposed to be transacted by the Board shall disclose the nature of such interest at the meeting of the Board where such business is discussed. The disclosure shall be recorded in the minutes of the Board, and such director shall not take part in any deliberation or decision of the Board with respect to that business, and shall withdraw from such meeting while such deliberation is in progress or decision is being made.

15. (1) The Board shall cause minutes to be made of the proceedings of every meeting of the Board in books kept for that purpose.

(2) The minutes of the proceedings of any meeting of the Board, if signed by the member presiding at that meeting or at the next succeeding meeting, shall be *prima facie* evidence of the proceedings of the meeting to which the minutes relate.

16. (1) Any question which arises at any meeting of the Board shall be decided by a majority of the votes of the members present, and in the case of an equality of votes, the member presiding at the meeting shall have a second or casting vote.

(2) 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.

17. (1) The Minister may, after consultation with the Board, give to the Board general or special directions in writing as to the transaction of the business of the Bank and the Board shall give effect to such directions.

(2) The Minister may, from time to time, direct in writing the Board to furnish him such information with respect to the business of the Bank as he may require and the Board shall carry out every such direction.

18. The repayment of the moneys desposited in the Bank and of the interest thereon and the payment due on the surrender of a savings certificate shall be guaranteed by the Government of Ceylon and is hereby constituted a charge upon the Consolidated Fund, and if the assets of the Bank are insufficient to pay a lawful claim made by any depositor or any purchaser or holder as the case may be, of a savings certificate, the deficiency shall be met accordingly.

19. (1) All expenses incurred in the administration of this Act shall be met from moneys in the Bank.

(2) In this section "expenses" means the cost of any work or service done by or in connection with the business and objects of the Bank including such sum on account of administrative or other overhead expences as may, with the approval of the Board, be reasonably assigned to that work or service.

20. (1) The Bank shall establish—

(a) a general reserve;

(b) an interest equalization reserve; and

(c) such other special reserves for such purposes as the Board thinks fit.

(2) After making allowance for the reserves of the Bank out of the net profits of the Bank for each financial year, such amount of such profits as shall be determined by the Board in consultation with the Minister shall be transferred by the Bank to the Consolidated Fund.

21. The Bank shall not commence business until a certificate signed by the Minister authorizing the Bank to commence business has been given.

22. The Secretary to the Treasury may, until the commencement of business by the Bank—

(a) do or perform any act which the Board is by this Act empowered to do or perform; and

(b) do all other acts which he may deem necessary for the formation of the Bank.

23. (1) Any act done or performed by the Secretary to the Treasury by virtue of section 22 shall, for all purposes, have the same effect as if such act had been done or performed by the Board.

(2) The Board may continue any action or thing commenced by the Secretary to the Treasury, and remaining unfinished or incomplete at the date of commencement of business by the Bank, as if such act or thing had been commenced by the Board.

24. The Secretary to the Treasury is hereby authorized to sign and execute for and on behalf of the Government all documents which are required to be executed by the Government.

25. A receipt signed by two directors, or by any person expressly authorized by the Board to give receipts, shall be an effectual discharge for moneys paid to the Bank.

PART II

APPOINTMENT OF STAFF AND AUDIT OF ACCOUNTS

26. (1) The Board shall appoint a general manager to the staff of the Bank at such salary and with such allowances as may be fixed by the Board.

(2) All acts which are directed by this Act to be done by the Bank or the Board may, unless the contrary intention appears from the context, be done by the general manager if he is specially or generally authorized in writing thereto by the Board:

Provided that the Board shall not authorize the general manager to grant loans exceeding twenty-five thousand rupees without the prior consent of the Board.

27. For the purpose of carrying out the provisions of this Act, the Board may appoint such officers and servants as the Board may consider necessary. The Board may also, from time to time, fix and alter the salaries and allowances of such officers and servants.

28. (1) The Board shall, every three years, appoint such number of fit and proper persons as it may deem fit to constitute a Panel of Valuers. The duty of each member of such Panel shall be to inspect and value properties for the Bank.

(2) A member of the Panel of Valuers shall, unless he earlier vacates office by reason of death or resignation or removal, hold office for a period of three years:

Provided, however, that any such member appointed in place of any other such member who vacates his office otherwise than by effluxion of time shall hold office only for the unexpired portion of the term of office of such other member.

(3) Rules may be made governing the appointment of members to, and the resignation and removal of members from, the Panel of Valuers.

(4) Rules may be made fixing the rates of remuneration and travelling charges of members of the Panel of Valuers:

Provided, however, that it shall be lawful—

(a) for the Board, or

(b) for the general manager, with the prior approval of the Board,

to determine the remuneration and travelling charges to be paid to any such member in respect of the valuation of properties.

29. The Board may, from time to time, appoint any duly qualified person, firm or incorporate or unincorporate body to act as legal, economic, financial or technical adviser to the Bank, and such person shall be remunerated in accordance with such scale of fees as may be prescribed.

30. No director, officer, servant or adviser of the Bank shall be liable for any damage or loss suffered by the Bank unless such damage or loss was caused by his misconduct or wilful default.

31. Every officer or servant of the Bank, other than a member of any class of officers or servants exempted by the Board, shall give security to the satisfaction of the Board, for the due and faithful performance of his duties.

32. Every director, general manager, auditor, secretary, adviser or other officer or servant of the Bank shall be indemnified by the Bank from all losses and expenses incurred by him in or about the discharge of his duties, other than such losses and expenses as the Board may deem to have been occasioned by his misconduct or wilful default.

33. Every director, general manager, auditor, officer, servant, member of agency, accountant or other person employed in the business of the Bank shall, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Bank, its customers, and the state of accounts with any person and all matters relating thereto and shall by such declaration pledge himself not to reveal any matters which may come to his knowledge in the discharge of his duties except—

(a) when required so to do—

(i) by the Board, or

(ii) by a court of law, or

(iii) by the person to whom such matters relate;

(b) in the performance of his duties; and

(c) in order to comply with any of the provisions of this Act or any other law:

Provided that the signing of such a declaration by a person so employed shall not be obligatory if such person is also employed in the business of a post office, but such person shall be deemed to have signed such a declaration.

34. Every director, general manager, auditor, secretary, adviser, or other officer or servant of the Bank shall, except when required to do so by a court or by any law, decline to answer any question concerning the business of the Bank

which may be put to him on any occasion whatsoever, if he considers that the answer to such question would disclose or tend to disclose the secrets of the Bank or the business or affairs of any customer of the Bank.

35. (1) The Board may establish and regulate a pension scheme or provident fund for the payment of pensions, gratuities or retiring allowances to officers and servants of the Bank and a widows' and orphans' pension fund or scheme for providing pensions to the widows and orphans of deceased officers and servants of the Bank.

(2) The Board may establish and regulate other funds or schemes, including housing schemes, and the grant of loans on the security of immovable property in connection therewith, for the benefit of officers and servants of the Bank and their dependants.

(3) The Board may require contributions to be made, to any scheme or fund established and regulated under this section, by officers and servants who or whose dependants are benefited thereby, and may deduct such contributions from their salaries and wages and may make contributions to any such scheme or fund from the revenues of the Bank.

36. (1) The Board shall cause the accounts of the Bank to be kept in such form and manner as may be determined by the Board with the approval of the Minister.

(2) The Bank shall, in respect of such proportion of its funds as the Board may determine, open current accounts in such banks as such Board may approve.

(3) The financial year of the Bank shall be the year commencing on the first day of January.

37. (1) The accounts of the Bank for each financial year shall be submitted to the Auditor-General for audit within four months of the close of that financial year. For the purpose of assisting him in the audit of such accounts, the Auditor-General may employ the services of any qualified auditor or auditors who shall act under his direction and control.

(2) For the purpose of meeting the expenses incurred by him in the audit of the accounts of the Bank, the Auditor-General shall be paid by the Bank such remuneration as the Minister may determine in consultation with the Auditor-General.

(3) The Auditor-General and any person assisting the Auditor-General in the audit of the accounts of the Bank shall have access to all such books deeds, contracts, accounts, vouchers and other documents of the Bank as the Auditor-General may consider necessary for the purposes of the audit, and shall be furnished by the Board and the Bank with such information within their knowledge as may be required for such purposes.

(4) For the purpose of ascertaining the correctness of the balance sheet and profit and loss statement the auditors may, in their discretion, accept in respect of any branch of the Bank, any copies or abstracts from the books and accounts of such branch which have been transmitted to the principal place of business of the Bank and which have been certified to be correct by an officer of the Bank authorized in that behalf by the Board.

(5) The Auditor-General shall examine the accounts of the Bank and furnish a report—

- (a) stating whether he has or has not obtained all the information and explanations required by him;
- (b) stating whether the accounts referred to in the report are properly drawn up so as to exhibit a true and fair view of the affairs of the Bank;
- (c) drawing attention to any item in the accounts which in his opinion may be of interest to the Senate and the House of Representatives in any examination of the activities and accounts of the Bank.

(6) The Auditor-General shall transmit his report to the Board within six months of the receipt of the accounts of the Bank by him.

(7) For the purposes of this section, the expression “qualified auditor” means—

- (a) an individual who, being a member of the Institute of Chartered Accountants of Ceylon, possesses a certificate to practise as an Accountant issued by the Council of that Institute; or
- (b) a firm of Chartered Accountants each of the partners of which, being a member of that Institute, possesses a certificate to practise as an Accountant issued by the Council of that Institute.

38. (1) The Board shall, on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister:—

- (a) Auditor-General's report;
- (b) balance sheet;
- (c) profit and loss statement;
- (d) report of the Chairman of the Bank giving an account of the work of the Bank; and
- (e) such other financial statements or statistical data as may be decided on by the Minister.

(2) The Minister shall lay copies of the documents transmitted to him under sub-section (1) before the Senate and the House of Representatives.

PART III

BUSINESS OF THE BANK

GENERAL

39. (1) Subject to the provisions of this Act the Bank is authorized to carry on and transact all kinds of business generally carried on and transacted by savings banks:

Provided that the Minister may, after consultation with the Monetary Board, by Order limit the kinds of business carried on and transacted by the Bank.

(2) Without prejudice to the generality of the powers conferred by subsection (1), the Bank may—

- (a) undertake any activities whatsoever in connection with the promotion or mobilization of savings or the raising of the marginal propensity to save;
- (b) subject to the provisions of this Act, open and maintain deposit and savings accounts of such types as may be prescribed;
- (c) issue and deal with savings certificates under the provisions of this Act;
- (d) subject to the approval of, and the imposition of such conditions as may be laid down by, the Monetary Board, issue and deal with any other bonds, certificates or other instruments for the purpose of attracting savings;
- (e) purchase, take on lease or in exchange, hire or otherwise acquire, any immovable or movable 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 transact;
- (f) construct buildings on any land belonging to or taken on lease by the Bank, and 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;
- (g) with the approval of the Minister and subject to such terms and conditions as may be laid down by him by regulations made under this Act, conduct lotteries and prize competitions for the purpose of augmenting the funds of the Bank;
- (h) do all things incidental or conducive to the exercise of the above powers;
- (i) invest moneys lying in deposit and savings accounts and in funds and schemes established under section 35 in one or more of the following:—

- (i) in any security, stock, debentures or Treasury bills of, or guaranteed by, the Government;
 - (ii) in any security, stock or debentures of any financial institution owned by the Government or in which not less than fifty *per centum* of the capital is owned by the Government;
 - (iii) in any other security, stock or debentures approved by the Minister in consultation with the Monetary Board;
 - (iv) on a first mortgage of immovable property situated within any such area in Ceylon as may be approved by the Board, and having such title as is acceptable to the Board;
 - (v) on deposits with the Government at a rate not less than the Treasury bill rate; and
 - (vi) in any other manner prescribed by the Minister after consultation with the Monetary Board;
- (j) with respect to the investment of moneys on a first mortgage of immovable property referred to in paragraph (i) (iv)–
- (i) make provision in the deed of mortgage to charge penal interest upon failure to pay any instalment of capital repayable on the mortgage, or any interest, in terms of that deed; and
 - (ii) manage, supervise or control, with or without remuneration, or participate in the management, supervision or control, with or without remuneration, of any agricultural or other undertaking carried on in connection with such immovable property, 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 such investment; and
- (k) subject to the provisions of sub-section (4), grant loans to co-operative societies and approved institutions.
- (3) Investment in securities, stock, debentures or Treasury bills of, or guaranteed by, the Government, shall constitute not less than sixty *per centum* or such lesser percentage, as the Minister may specify by Order published in the *Gazette*, of the moneys lying in deposit and savings accounts.
- (4) The Bank shall not exercise the power to grant loans to co-operative societies and approved institutions–
- (a) until the Minister approves the exercise of that power generally or in respect of any such class or description of co-operative societies or approved institutions as he may from time to time specify by regulations made under this Act; and
 - (b) except in accordance with such terms and conditions as the Minister may lay down by regulations so made.

(5) In this section—

“approved institution” means any institution approved for the purposes of this section by the Minister by Order published in the *Gazette*, and

“co-operative society” means a co-operative society registered under the Co-operative Societies Ordinance.

40. Notwithstanding the provisions of section 39, the Bank may, by resolution of the Board, at any time refuse to open an account in the name of any person or any thrift, benevolent, provident or charitable society, association or institution, and may, where an account has been opened, give thirty days' notice in writing to any person or to the treasurer, trustees, or officers of any body, to withdraw from the Bank all or any part of the money lying to the credit of such person or body, and from and after the expiration of such thirty days no interest shall be payable on the sum of money to which such notice relates.

41. (1) Subject to the further provisions of this section, interest shall be payable on moneys lying to the credit of deposit and savings accounts, but not on moneys transferred to the Unclaimed Deposits Fund or to a special reserve, at rates determined by the Board with the concurrence of the Minister, and such rates may be varied in respect of different classes of accounts and in respect of the amounts lying to the credit of accounts.

(2) The interest payable shall be at not less than a minimum rate of six *per centum per annum*.

(3) The minimum rate of interest specified in sub-section (2) may be varied from time to time by Order made by the Minister on the advice of the Central Bank and published in the *Gazette*, but in no case shall it be decreased below six *per centum per annum*.

(4) Where, in any year, the profits are insufficient to pay the minimum rate of interest specified in sub-section (2) or the varied minimum rate of interest referred to in sub-section (3), the deficit shall be paid from the Interest Equalization Reserve and, if the funds to the credit of that Reserve are insufficient shall, to the extent of that insufficiency, be a charge on the Consolidated Fund.

(5) Interest shall be payable on every complete sum of ten rupees for every complete period of three months or such other period as the Board may determine, the division of the year into periods of three months or into periods of longer or shorter duration being fixed by the Board, taking into consideration the financial year of the Bank.

(6) Interest on any amount paid into a deposit or savings account shall not commence to accrue until the first day of the period next following the period during which such amount was paid in, and interest on any amount withdrawn from a deposit or savings account shall cease to accrue on the first day of the period in which such amount was withdrawn.

(7) Interest payable shall be credited to each account not later than two months after the close of the financial year and shall be added to and become part of the principal amount.

42. The Board may make payments, other than interest, on such classes of accounts as it may specify, at such rates as it may determine with the concurrence of the Minister.

43. (1) The Bank may open accounts in the name of minors, or of guardians on behalf of minors.

(2) A minor who has completed not less than seven years of age may operate upon an account opened in his name in like manner as if he had attained majority:

Provided that an application for the withdrawal of money by a minor who has not completed sixteen years of age shall be made at least seven days prior to such withdrawal.

(3) The whole or any part of the money standing to the credit of a minor under the age of seven years may be paid to any person who produces satisfactory proof to show that the minor is in his care.

(4) A guardian may operate upon an account in his name on behalf of a minor who has not completed sixteen years of age and a receipt signed by such guardian shall be a sufficient discharge for any payment made to him.

44. (1) Any person over sixteen years of age who has a deposit or savings account may nominate a person, (hereinafter called a "nominee"), to whom the moneys lying to the credit of such first-mentioned person (hereinafter called "nominator") shall be paid upon his death and, if his death should occur while the account exists, the moneys shall be so paid subject to the provisions of this Act.

(2) A nomination made under sub-section (1) shall have effect upon the death of the nominator notwithstanding anything in his last will to the contrary.

(3) Any nomination made under sub-section (1) shall be deemed to be revoked by the death of the nominee in the lifetime of the nominator or by written notice of revocation signed by the nominator in the presence of a witness (who shall attest the signature of the nominator) or by any subsequent nomination made by the nominator.

(4) The moneys lying in his deposit or savings account to the credit of the person who has made a nomination under sub-section (1) shall, in the event of his death, be deemed not to form part of the estate or property of that person for the purpose of probate or administration proceedings under the Civil Procedure Code, and the transfer of such property shall not be an offence under section 547 of that Code.

(5) Upon the death of any person who has a deposit or savings account, and who has made a nomination under sub-section (1), the Bank shall communicate in writing by registered post with the Commissioner of Estate Duty informing

him of the name and address of such person, the fact of his death, the name and address of the nominee and the amount of the moneys lying to the credit of the nominator at the time of his death, and inquiring whether any, and if so what, sum of money should be withheld against payment of estate duty in respect of such moneys.

(6) If the Commissioner of Estate Duty informs the Bank, in reply to the communication made under sub-section (5), what sum of money should be withheld, the Bank may withhold that sum and pay it to the Commissioner of Estate Duty.

(7) If no reply, specifying what sum of money should be withheld, is received by the Bank from the Commissioner of Estate Duty to the communication made under sub-section (5) within one month of the date of posting or handing over of that communication, the Bank may take action as if no sum of money need be withheld.

(8) No payment shall be made by the Bank to any nominee unless the nominee—

- (a) submits an affidavit stating that he is the nominee; and
- (b) produces a certificate as to his identity from a person acceptable to the Bank.

(9) A payment made subject to the deduction, if any, made under sub-section (6) and the conditions set out in sub-section 8, to any nominee of a nominator who has died shall be a complete discharge of the obligations of the Bank in respect of the moneys lying to the credit of such nominator.

(10) Where, upon the death of any person who has a deposit or savings account, other than a nominator, there is a sum of money to the credit of such person in the Bank, any officer or person who is duly authorized to make payments in respect of accounts may, if satisfied that such first-mentioned person died intestate and that letters of administration to the estate of such person are not required by any written law, pay such sums of money, subject to the provisions of this Act, to the person or persons to whom such sum is required, in accordance with any rule in that behalf, to be paid:

Provided that until rules are made in that behalf, any such sum may be paid to the person or persons legally entitled to the payment thereof.

45. Where any dispute arises between the Bank and any person who has a deposit or savings account in the Bank or any heir, executor, administrator or creditor of such person, or assignee of such person who becomes insolvent, or any person claiming to be heir, executor, administrator, creditor or assignee or to be entitled to any money lying in the Bank to the credit of such first-mentioned person, then, in every such case, the matter in dispute shall be referred to an arbitrator mutually agreed upon by the Bank and the other party to the dispute, or, if they are unable to agree upon such an arbitrator, to two arbitrators one of whom shall be nominated by the Bank and the other by such other party,

together, if the arbitrators are unable to resolve the dispute, with a third arbitrator agreed upon by such arbitrators, and the award, order or determination made by the majority of the arbitrators shall be final and conclusive and binding on the Bank and the other party to the dispute.

46. Where a person who has a deposit or savings account in the Bank is alleged to be of unsound mind or otherwise incapable of managing his affairs, and the Bank is satisfied as to his incapacity and as to the urgency of his need, the Bank may with the approval of the Minister pay the money lying to his credit to such other person as the Bank thinks proper, and a receipt signed by such other person shall be a sufficient discharge for any payment made to him.

47. (1) Where an account has lain dormant, that is to say, the pass book has not been presented for examination and insertion of interest or there has been no withdrawal from or deposit into his account, for a period of seven years by a person who commenced his account on or after reaching the age of sixteen years, or for a period of seven years after reaching the age of sixteen years by a person who commenced his account before the age of sixteen years, the moneys lying to the credit of such person shall—

(a) if such moneys aggregate to less than ten rupees, be transferred to a special reserve after notice, in such manner as the Bank may determine; and

(b) if such moneys aggregate to ten rupees or more, be transferred, subject to the provisions of sub-section (2), to a fund called the "Unclaimed Deposits Fund", and such person or any person deriving title from him, shall have no claims to such moneys except in accordance with the provisions of this section.

(2) Before any moneys, which aggregate to ten rupees or more, lying in an account are transferred in accordance with the provisions of sub-section (1), the Bank shall, not less than three months prior to the date of such transfer, publish a notice in the Sinhala, Tamil and English languages in the *Gazette* and in three daily newspapers in each of the three languages respectively stating the name of the person in whose favour the account stands, the fact that the account has been dormant for a period of seven years, and that it is intended, on a specified date, to transfer the moneys lying in that account to the Unclaimed Deposits Fund under the provisions of sub-section (1).

(3) Any moneys transferred to the Unclaimed Deposits Fund may be retransferred to the account in which it was originally lying, at the instance of any person who furnishes proof to the satisfaction of the Board that the account was in his name or in the name of a person from whom he derives title.

(4) Any moneys which are transferred to the Unclaimed Deposits Fund and which have not been retransferred to the original account within a period of three years shall, on the expiry of that period, be transferred to a special reserve.

(5) Any moneys transferred to a special reserve under this section shall in no circumstances be retransferred to the account in which they were originally lying.

48. (1) Every person—

- (a) to whom a loan is granted by the Bank on the mortgage of immovable property; or
- (b) who has obtained probate of the will or letters of administration to the estate of a person to whom any loan has been so granted, or who, upon application made in that behalf by the Bank, has been appointed by court to represent such estate; or
- (c) to whom any right, title or interest whatsoever in any immovable property mortgaged to such Bank as security for any loan has passed, whether by voluntary conveyance or by operation of law.

shall register with the Bank an address to which all notices to him may be addressed.

(2) Any notice which is required to be served on any person to whom sub-section (1) applies shall be deemed to have been duly served on that person if it is sent by post in a registered letter directed to that person at the address registered by him under that sub-section, and the service shall be deemed to have been effected at the time at which the letter would be delivered in the ordinary course of post:

Provided that, where any such person fails to register his address under sub-section (1), the Bank shall publish in the *Gazette* and in a daily newspaper, a notice addressed to him, and such notice shall be deemed to be duly given to him on the day on which such notice was published.

49. No director or employee of the Bank shall guarantee the repayment of any loan granted by the Bank to any other person.

50. (1) No loan shall be granted by the Bank to any director or to the spouse or a dependent child of a director or to any company or firm in which a director has a substantial interest.

(2) For the purposes of sub-section (1), "substantial interest"—

- (a) when used in relation to a company, means the holding of a beneficial interest by a director of the Bank or his spouse or dependent child, whether singly or taken together, in the shares of the company, if the amount paid up in respect of the holding exceeds five *per centum* of the paid-up capital of the company, and
- (b) when used in relation to a firm, means the beneficial interest held in the firm by a director of the Bank or his spouse or his dependent child, whether singly or taken together, if the beneficial interest exceeds in value five *per centum* of the total capital subscribed by all the partners of the firm.

51. Where a loan is granted by Bank on the mortgage of any immovable property, that property shall from and after the date of the registration of such mortgage be charged with the payment of the loan with interest in priority to every other debt, mortgage or charge affecting it, except a debt which is secured by a mortgage duly registered prior to such date and which is due to a creditor who in good faith advanced the money before the loan was granted by the Bank.

52. (1) Whenever default is made in the payment of any sum due on a 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 Bank may, by resolution of the Board published in the *Gazette*, authorize any person in writing to sell the property mortgaged as security for such payment by public auction at any time not less than twenty one days after the date on which such resolution was published, in order to recover the whole of the unpaid portion of the loan and the interest due thereon up to the date of sale and the moneys and costs recoverable under section 53.

(2) (a) Save as otherwise provided in paragraph (b), the provisions of sub-section (1) 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 by operation of law to any other person.

(b) 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 that borrower is situate, may, upon application made in that behalf by the Bank 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 sub-section (1) shall not apply in the case of any default made by such borrower unless and until a person is appointed under this paragraph to represent the estate of such borrower.

(3) (a) Notice of every resolution under sub-section (1) authorizing the sale of any property shall be published, in addition to the *Gazette*, in three daily newspapers in Sinhala, Tamil and English respectively, and copies of such notice shall be despatched to the borrower, if he is alive, and to every person who has, in respect of that property, registered his address under the provisions of paragraphs (b) and (c) of sub-section (1) of section 48, and, if that property consists of the interest of a lessee under a lease from the Crown, to the Land Commissioner.

(b) Notice of the date, time and place of every sale shall, not less than fourteen days before the date fixed for the sale, be published in the *Gazette* and copies of such notice shall be—

- (i) despatched to the borrower if he is alive, and to every other person to whom notice of any resolution is required to be despatched under paragraph (a);

- (ii) posted on or near the property which is to be sold; and
- (iii) affixed to the walls of the Kachcheri and the several District Courts and Magistrates' Courts within the jurisdiction of which the property is situate.

(4) (a) If the amount of the whole of the unpaid portion of the loan together with interest, including any penal interest due thereon and of the moneys and costs, if any, recoverable by the Bank under section 53, is tendered to the Bank at any time before the date fixed for the sale, the property shall not be sold, and no further steps shall be taken in pursuance of the resolution under sub-section (1) for the sale of that property.

(b) If the amount of the instalment or equated payment in respect of which default has been made, together with any penal interest due thereon, and of the moneys and costs, if any, recoverable by the Bank under section 53, is tendered to the Bank at any time before the date fixed for the sale, the Board may, in its discretion, direct that the property shall not be sold, and that no further steps shall be taken in pursuance of the resolution under sub-section (1) for the sale of that property.

(5) The Board may fix an upset price below which the property shall not be sold to any person other than the Bank. In fixing such price the Bank shall have particular regard both to the outstanding amount of the loan granted on the security of such property and the current value of such property.

(6) In any case where two or more loans have been granted by the Bank on the security of the same property and default is made in the payment of any sum due upon one or more of such loans, the provisions of this section shall apply notwithstanding that default may not have been made in respect of the other loan or of any of the other loans, and the Bank may, in any such case, by resolution of the Board under sub-section (1) authorize the sale of the property for the recovery of the total amount due to the Bank in respect of both or all the loans, as the case may be, and the provisions of this Act shall apply accordingly.

53. Besides the amount due on the loan, the Bank may recover from the debtor or any person acting on his behalf—

- (a) all moneys expended by the Bank, in accordance with the covenants contained in the mortgage bond executed by the debtor, in the payment of premiums and other charges in respect of the policy of insurance effected on the property mortgaged to the Bank and in the payment of all other costs and charges authorized to be incurred by the Bank, under the covenants contained in the mortgage bond executed by the debtor; and

- (b) the costs of advertising the sale and of selling the property:

Provided that the costs incurred under this paragraph shall not exceed such percentage of the loan as may be prescribed; and

- (c) in any case where the property mortgaged as security for the loan consists of the interest of the debtor under a lease from the Crown, and such property has been surrendered to the Crown in accordance with the provisions of section 59, all moneys paid to the Crown by the Bank on such surrender as moneys due to the Crown by the debtor under the said lease.

54. If the mortgaged property is sold, the Bank shall, after deducting from the sale proceeds the amount due on the mortgage and the moneys and costs recoverable under section 53, pay the overplus, if any, either to the debtor or any person legally entitled to accept the payments due to the debtor, or into the District Court having jurisdiction over the property sold in case the Bank is in doubt as to whom the money is to be paid.

55. (1) If the mortgaged property is sold the Bank shall sign a certificate of sale and thereupon all the right, title, and interest of the debtor to and in the property shall vest in the purchaser, nor shall any person claiming through or under any disposition whatsoever of the debtor's right, title, or interest to and in the property made or registered subsequently to the mortgage of the property to the Bank be able in any court of law to move to invalidate the sale for any cause whatsoever or to maintain any right, title or interest to or in the property as against the purchaser.

(2) A certificate signed by the Bank under subsection (1) shall be conclusive proof with respect to the sale of any property that all the provisions of this Act have been complied with.

(3) The certificate referred to in sub-section (1) shall be substantially in such form as may be prescribed. Different forms may be so prescribed accordingly as the purchaser is, or is not, the Bank.

(4) Every certificate of sale shall be liable to the stamp duty and charges fixed for conveyance of immovable property, and to any registration or other charges authorized by law, all of which shall be payable by the purchaser.

(5) Where the property sold consists of the interest of a lessee under a lease from the Crown, then, if the purchaser of the property is some person other than the Bank, the certificate of sale shall not be signed by the Bank unless the Land Commissioner, in the exercise of his discretion, has approved the purchaser.

(6) Whenever the Land Commissioner refuses, under sub-section (5), to approve any purchaser of the interest of a lessee under a lease from the Crown—

- (a) all sums paid to the Bank by the purchaser in respect of the sale shall be repaid to him by the Bank;
- (b) the costs of advertising and holding such sale shall be deemed to be costs recoverable by the Bank under section 53 (b); and
- (c) the property shall be resold in accordance with the provisions of this Act.

56. (1) The purchaser of any property sold in pursuance of the provisions of section 52 shall, upon application being made to the District Court of Colombo or the District Court having jurisdiction over the place where the property is situate, and upon production of the certificate of sale issued in respect of the property under section 55, be entitled to obtain an order for delivery of possession of the property.

(2) Every application under sub-section (1) shall be made, and shall be disposed of, by way of summary procedure in accordance with the provisions of Chapter XXIV of the Civil Procedure Code; and on all documents filed for the purposes of each such application and on all proceedings held thereupon, stamp duties and other charges shall be payable at the respective rates payable under any written law for the time being in force, on applications for, and proceedings connected with or incidental to, the execution of a decree of a District Court for the delivery of possession of a property of the same value as the property to which such application relates.

(3) Where the property sold in pursuance of the provisions of section 52 is in the occupancy of the debtor or of some person on his behalf or of some person claiming under a title created by the debtor subsequently to the mortgage of the property to the Bank, the District Court shall order delivery to be made by putting the purchaser, or any person whom he may appoint to receive possession on his behalf, in possession of the property.

(4) Where the property sold in pursuance of the provisions of section 52 is in the occupancy of a tenant or other person entitled to occupy the same, the District Court shall order delivery to be made by affixing a notice that the sale has taken place, in the Sinhala, Tamil and English languages, in some conspicuous place on the property, and proclaiming to the occupant by beat of tom-tom, or in such other mode as may be customary, at some convenient place, that the interest of the debtor has been transferred to the purchaser. The cost of such proclamation shall be fixed by the court and shall in every case be prepaid by the purchaser.

(5) Every order under sub-section (3) or sub-section (4) shall be deemed, as the case may be, to be an order for delivery of possession made under section 287 or section 288 of the Civil Procedure Code, and may be enforced in like manner as an order so made, the debtor and the purchaser being deemed, for the purpose of the application of any provision of that Code, to be the judgment-debtor and judgment-creditor, respectively.

57. If the property sold has been purchased on behalf of the Bank the Board may, at any time before it resells the property, cancel the sale by an endorsement to that effect on a certified copy of the certificate of sale, if the debtor or anyone else on his behalf pays the amount due in respect of the loan for which the property was sold (including the costs of seizure and sale) and interest on the aggregate sum at a rate not exceeding a prescribed rate. Such an endorsement shall, upon registration in the office of the Registrar of Lands, revert the said property in the proprietor as though the sale under this Act had never been made.

58. If the property so sold has been purchased on behalf of the Bank, and the sale is not cancelled under section 57, the Board may, at any time, resell the property and transfer to the purchaser by endorsement on a certified copy of the certificate referred to in sub-section (3) of section 55, all the right, title, and interest which would have been acquired by a purchaser at the original sale. The endorsement which shall be liable to the same stamp duty and charges as a certificate to a purchaser at the original sale, shall when it is registered in the office of the Registrar of Lands vest such right, title, and interest as aforesaid in the purchaser.

59. If at any sale under section 52 the Bank has purchased any property sold for default in the repayment of a loan the Bank shall not hold such property for a longer period than is necessary to enable the Board to resell the property for such a sum as will cover the total amount due to the Bank on account of loan, interest, expenses and costs:

Provided that where such property consists of the interest of a lessee under a lease from the Crown, the Board may, instead of reselling such property, pay all sums of money due to the Crown by the lessee under the lease and surrender the lease to the Crown on such terms and conditions as may be agreed upon between the Board, the Minister and the Minister charged with the subject of Crown lands.

60. For the purpose of deciding whether any immovable property tendered as security for a loan should or should not be accepted, the Bank shall have access without fee or charge to the valuation roll of any local rating or taxing authority, and the officers of every such authority shall upon application supply to the Bank full particulars as to any valuation of property in respect of which such authority is empowered under the provisions of any law to levy any rate or tax.

61. In this Part, unless the context otherwise requires, "property", in any case where a loan is secured by a mortgage of the interest of a lessee under a lease from the Crown, means the right, title and interest of the lessee under the lease.

62. Nothing in sections 52 to 61 shall be deemed to preclude the Bank from recovering the amount due on any mortgage bond in accordance with the provisions of any other written law.

SAVINGS CERTIFICATES

63. The Monetary Board may authorize a sum of money to be borrowed within Ceylon by the issue of Ceylon Savings Certificates under this Act.

64. (1) Where the Monetary Board, under section 63, authorizes a sum of money to be borrowed within Ceylon by the issue of Ceylon Savings Certificates the Bank may, from time to time, borrow moneys not exceeding in the aggregate the sum of money authorized by the Monetary Board, by the issue of savings certificates under this Act.

(2) The Bank may also, when so authorized by the Monetary Board, borrow by the issue of savings certificates under this Act such sums of money as may from time to time be required for the purpose of meeting current demands for the surrender value of savings certificates issued or deemed to have been issued under this Act.

(3) All moneys received by the Bank on the issue of savings certificates shall be paid by it from time to time into the funds of the Bank.

65. Where the Monetary Board has authorized the Bank to borrow any sum of money by the issue of savings certificates under this Act, the Bank shall by notification published in the *Gazette* specify—

- (a) the denomination or denominations of the savings certificates which are to be issued; and
- (b) the purchase price and the surrender value of a certificate of each such denomination.

66. (1) Savings certificates may be issued in accordance with such rules as may be made in that behalf, to—

- (a) an individual;
- (b) a co-operative society;
- (c) a society or association which, in the opinion of the bank, is a thrift, benefit, benevolent or provident society or association;
- (d) an approved savings group;
- (e) any person or body of persons on behalf of any place of religious worship, or on behalf of any institution or association which is maintained for educational or cultural or recreational or charitable purposes and is of a prescribed class or description; or
- (f) any other prescribed body of persons.

(2) The decision of the Bank as to whether any society or association is a thrift, benefit, benevolent or provident society or association, as the case may be, shall be final and conclusive.

67. No savings certificate shall be issued to any individual unless he is resident in Ceylon on the date of the issue of such certificate:

Provided that a savings certificate may, in accordance with such rules as may be made in that behalf, be issued—

- (a) to a minor who is resident outside Ceylon if the parent, guardian, curator or trustee of that minor is resident in Ceylon on the date of the issue of such certificate; or
- (b) to a person who is not a minor and is resident outside Ceylon, in such circumstances and subject to such conditions as may be prescribed by the aforesaid rules.

68. (1) The aggregate of the denominational values of all savings certificates held at any time by any person or body of persons shall not exceed such limit as may be prescribed; and no savings certificate shall at any time be issued so as to increase the holding of any such person or body of persons beyond the limit so prescribed.

(2) The power to make rules prescribing the limits referred to in sub-section (1) shall be deemed to include the power to prescribe different limits for different classes of persons or for different classes of savings certificates.

69. The right, title and interest of the purchaser of a savings certificate, other than a bearer certificate, shall not be assigned, donated, hypothecated, sold, transferred or otherwise disposed of by the purchaser in any manner whatsoever; and any such assignment, donation, hypothecation, sale, transfer or disposition shall not be recognized by the bank and shall for all purposes be null and void;

Provided that the preceding provisions of this section shall not affect or be deemed to affect—

- (a) the right of the Bank, in accordance with such rules as may be made in that behalf, to issue a new savings certificate in any case where the purchaser of a savings certificate desires to gift his rights thereunder; or
- (b) the right of the purchaser of any savings certificate to assign such certificate by way of security for the payment of moneys which may be or become due to the Government or to any local authority, or as security for the purposes of section 2 of the Public Officers (Security) Ordinance; or
- (c) the right of the purchaser of any savings certificate to assign such certificate by way of security to the Bank for a loan; or
- (d) the right of the purchaser of a savings certificate of such class or description as may be declared by rules to be assignable, to assign any certificate of such class or description in the prescribed manner to any person.

70. (1) Rules may be made providing, in the event of the death of the purchaser of a savings certificate—

- (a) for the issue of a new savings certificate to any person proved to the satisfaction of the Bank to be an heir or legatee of the deceased purchaser; or
- (b) for the payment, to the executor of the last will of the deceased purchaser or to the administrator of his estate or to any heir, of a sum equivalent to the surrender value of that savings certificate.

(2) Any new savings certificate issued and any payment made under this section by the Bank shall be and shall operate for all purposes as a complete discharge of the obligations of the Bank in respect of any savings certificate issued to the deceased purchaser or of any money payable on the surrender of the certificate.

(3) Nothing in this Act or in any rule made thereunder shall affect or be deemed to affect the right of the Commissioner of Estate Duty, under any law for the time being in force, to receive from the Bank the surrender value, at the time of the death of any deceased purchaser, of any savings certificate forming part of the estate of such purchaser.

71. (1) Where any savings certificate is seized or sequestered in execution of a decree or order of any court the Fiscal effecting the seizure or sequestration shall forward the savings certificate to the Bank which shall cancel such certificate and pay the surrender value thereof as on the date of seizure or sequestration to the credit of the action in which that decree was entered or order made.

(2) Where the Fiscal, in the execution of a decree or order entered or made against any person who is the purchaser of a savings certificate or in sequestering the property of any such person under a mandate of sequestration issued by any court, is unable for any reason to obtain possession of the savings certificate, the amount of the surrender value of that certificate shall be deemed to be a debt not secured by a negotiable instrument due from the Bank as debtor to the purchaser as creditor; and the provisions of section 229 of the Civil Procedure Code shall apply accordingly:

Provided that the Bank shall not incur any liability or be subject to any penalty by reason only of the fact that the surrender value of any savings certificate is paid to the purchaser thereof after the service of a prohibitory notice under section 229 of the Civil Procedure Code, if such payment was *bona fide* made by any person on behalf of the Bank by error or accident or in ignorance of the fact of the service of such prohibitory notice.

72. (1) On the surrender of a savings certificate (other than a savings certificate in respect of which a prohibitory notice has been served on the Bank under section 229 of the Civil Procedure Code) in the prescribed manner and at a prescribed place, the purchaser shall be entitled to receive the surrender value of that certificate at the time of such surrender:

Provided that where a savings certificate is issued on the condition, to be set out on the face of that certificate, that it is not to be surrendered before such period as may be specified thereon, the purchaser of that certificate shall not be entitled to surrender that certificate or to receive the surrender value of that certificate before the expiry of that period.

(2) Where, for the purposes of this section, any place outside Ceylon is prescribed as a place at which savings certificates may be surrendered, the Bank may make and it is hereby authorized to make such arrangements as may be necessary to enable savings certificates to be surrendered at that place.

73. No notice of any trust in respect of a savings certificate shall be receivable by the Bank.

74. (1) For the purposes of this Act the Commissioner of Stamps may, with the consent of the Monetary Board, provide special stamps (hereinafter referred to as "savings stamps") of such values as the Monetary Board may determine.

(2) Rules may be made providing that payments on account of the purchase price of savings certificates of prescribed denominational values may be made by means of savings stamps affixed to books or cards or otherwise in the prescribed manner.

(3) The provisions of sections 248 to 256, both inclusive, of the Penal Code shall apply to savings stamps in like manner as those provisions apply to stamps issued by the Government for the purposes of revenue.

PART IV

GENERAL

75. The payment of the principal of any loans and payments in respect of deposit and savings accounts and the surrender value of savings certificates shall be made out of the funds of the Bank.

76. In the event of the Bank being short of liquid funds to meet withdrawals from deposit or savings accounts or the redemption of savings certificates, the Bank is hereby authorized to borrow from the Central Bank against Government securities.

77. (1) At the request of the Bank, any officer in the public service may, with the consent of that officer and the Permanent Secretary to the Ministry in charge of the Minister to whom the subject of Public Administration has been assigned, be temporarily appointed to the staff of the Bank for such period as may be determined by the Bank with like consent or be permanently appointed to such staff.

(2) Where an officer in the public service is temporarily appointed to the staff of the Bank—

(a) he shall be subject to the same disciplinary control as any other member of such staff;

(b) if, at the time of his temporary appointment to the staff of the Bank, his substantive post in the public service was a post declared to be pensionable under the Minutes on Pensions—

(i) he shall, while in the employ of the Bank, be deemed to have been absent from duty in the public service on grounds of public policy, and accordingly section 10 (i) of those Minutes shall apply to him, and

- (ii) in respect of him the Bank shall pay out of the funds of the Bank to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund for every complete month during which he is in the employ of the Bank such sum not exceeding twenty-five *per centum* of the salary payable to him in his substantive post in the public service as may be determined by the Minister; and
 - (c) if, at the time of his temporary appointment to the staff of the Bank, he was a contributor to the Public Service Provident Fund established under the Public Service Provident Fund Ordinance, his services to the Bank shall, for the purpose of that Ordinance, be deemed to be service to the Government, and accordingly he shall, while he is in the employ of the Bank, continue to pay to the Public Service Provident Fund such contributions as he was liable under that Ordinance to pay, and in respect of him the Bank shall pay at the close of each financial year out of the funds of the Bank to the Deputy Secretary to the Treasury to be credited to that officer's account in the Public Service Provident Fund a sum equivalent to such contribution as the Government is liable to pay to the Public Service Provident Fund in respect of him.
- (3) Where an officer in the public service is permanently appointed to the staff of the Bank—
- (a) he shall be deemed to have left the public service;
 - (b) if, at the time of his permanent appointment to the staff of the Bank, his substantive post in the public service was a post declared to be pensionable under the Minutes on Pensions—
 - (i) he shall be eligible for such an award under those Minutes as might have been made to him if he had been retired from the public service on the ground of ill health on the date of his permanent appointment to the staff of the Bank,
 - (ii) the amount of any such award made under those Minutes shall not be paid to him unless his employment in the staff of the Bank is terminated by retirement on account of age or ill health or by the abolition of the post held by him in such staff or on any other ground approved by the Minister of Finance, and
 - (iii) in the event of his death while in the employ of the Bank, such an award as might have been made in respect of him under those Minutes if he had died immediately before his permanent appointment to the staff of the Bank may be made in respect of him; and

- (c) if, at the time of his permanent appointment to the staff of the Bank, he was a contributor to the Public Service Provident Fund established under the Public Service Provident Fund Ordinance, he shall, for the purpose of that Ordinance, be deemed to have left the service of the Government upon the determination of contract with the consent of the Government otherwise than by dismissal.

(4) Where the Bank employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for specified period, any period of service to the Bank by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

78. Nothing in the Debt Conciliation Ordinance or the Conciliation Boards Act, No. 10 of 1958, shall apply or be deemed to apply to any debt due to the Bank, or to prejudice or affect the rights of the Bank in respect of the recovery of any such debt.

79. Nothing in the Lotteries Ordinance or the Prize Competitions Act, No. 37 of 1957, shall apply to any lottery or prize competition, as the case may be, conducted by the Bank under this Act.

80. Notwithstanding anything in the Stamp Ordinance, any instrument or document whatsoever required or authorized to be made or executed by the Bank, and any instrument or document made or executed by any other party in respect of withdrawals from deposit or savings accounts and redemption of savings certificates, in pursuance of the provisions of this Act or any rule made thereunder, and any instrument or document whatsoever made or executed in connection with the business of the Bank by the Bank, other than a certificate of sale under section 55, shall be exempt from the payment of duty under that Ordinance.

81. Notwithstanding anything in any other written law, no income tax shall be payable by any person upon the interest paid by the Bank to that person on moneys, not exceeding an amount generally specified by the Minister by Order published in the *Gazette*, lying in an account to the credit of that person.

82. Any person who—

- (a) contravenes or fails to comply with any provision of this Act or rule made thereunder; or
- (b) obstructs any person in the exercise, performance or discharge of any power, duty or function under this Act or any rule made thereunder,

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 period not exceeding three months, or to both such fine and imprisonment.

83. Where an offence under this Act is committed by a body of persons, then—

- (a) if the body of persons is a body corporate, every director or officer of that body; or
- (b) if the body of persons is other than a body corporate, every member of that body,

shall be deemed to be guilty of such offence:

Provided, however, that no such director, officer or member shall be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

84. (1) The Board may make rules for the purpose of carrying out or giving effect to the principles and provisions of this Act.

(2) Without prejudice to the generality of the powers conferred by subsection (1), the Board may make rules for or in respect of all or any of the following matters:—

- (a) all matters stated or required by this Act to be prescribed or for which rules are authorized to be made by this Act;
- (b) the appointment, promotion, remuneration, disciplinary control and conduct of the officers and servants of the Bank and the grant of leave to them;
- (c) the forms to be used for any of the purposes of this Act;
- (d) with the concurrence of the Monetary Board, the types of accounts and the specification of the classes of persons having deposit and savings accounts;
- (e) the maximum of deposit and savings accounts in respect of each person or class of persons;
- (f) the use of pass books or any similar documents by persons who have deposit and savings accounts;
- (g) facilities for the drawing of cheques by persons who have accounts subject to such restrictions and qualifications as may be specified by the Monetary Board, including restrictions with regard to the type of accounts, the class of depositors, the maximum amount of each drawing and the frequency of drawings;
- (h) the times at which pass books shall be returned to the Bank by persons who have accounts;
- (i) the maximum limit of loans granted by the Bank on the mortgage of immovable property;

- (j) the circumstances in which such loans may be granted or refused;
- (k) the amount, and the manner of payment of interest, and repayment of capital, in respect of such loans;
- (l) the rates of penal interest, the circumstances in which the same shall be charged, and other matters connected therewith;
- (m) the terms, conditions and restrictions subject to which savings stamps and savings certificates may be issued;
- (n) the issue and surrender of savings certificates, the persons by whom such certificates may be issued, the places at which such certificates may be issued or surrendered, and the procedure to be adopted in connection with such issue and surrender;
- (o) the circumstances in which, and the terms, conditions and restrictions subject to which substitute certificates or new certificates may be issued, the fees to be charged for the issue of such certificates, and the procedure to be adopted in connection with the issue and surrender of such certificates;
- (p) the cancellation of savings certificates which have been issued in error or in place of which substitute certificates or new certificates have been issued, the repayment of the purchase price or the surrender value of certificates issued in error, and the circumstances in which the purchase price of certificates issued in error may be forfeited;
- (q) the circumstances in which a savings certificate issued to an approved savings group may be surrendered before such certificate is acquired by a member of that group, and the steps to be taken and the procedure to be followed when a member of an approved savings group acquires a savings certificate issued to that group; and the procedure for disposal and the manner of disposal of the surrender value of any savings certificate issued to an approved savings group, in any case where the Bank is of opinion that the savings group has ceased to exist or that the objects for which the group was formed are no longer being carried out;
- (r) the mode of assignment of savings certificates in cases referred to in paragraph (a) of the proviso to section 69, and the steps to be taken and the procedure to be followed upon such assignment or upon surrender of any certificate so assigned;
- (s) the denominational value of savings certificates which may be assigned by the purchaser thereof, the persons to whom such certificates may be assigned by the purchaser, and the steps to be taken and the procedure to be followed upon the issue, assignment or surrender of any such certificate;

- (t) the procedure to be followed where the loss, theft or destruction of a savings certificate takes place or is discovered after the death of the purchaser thereof; the persons to whom and the circumstances in which a new certificate will be issued in such a case; and the mode of payment of the surrender value of any certificate so lost, stolen or destroyed;
 - (u) the payment of the surrender value of a savings certificate where the purchaser thereof is of unsound mind;
 - (v) the settlement in a summary manner of disputes between the Bank and the purchaser of a savings certificate or a person claiming to be entitled to a savings certificate;
 - (w) the charges payable by persons for services rendered by the Bank;
 - (x) matters relating to, connected with, or incidental to, the lotteries and prize competitions conducted by the Bank;
 - (y) all other matters not herein before mentioned concerning the business of the Bank;
 - (z) all matters connected with the establishment of the Bank, and the transfer to the Bank of the undertakings carried on by the board of directors of the Ceylon Savings Bank, the trustees of the Ceylon Post Office Savings Bank and the Postmaster-General under the Ceylon Post Office Savings Bank Ordinance and the Postmaster-General under the Savings Certificates Ordinance in respect of which—
 - (i) no provision is made by this Act; or
 - (ii) the provisions of this Act require to be modified or supplemented; and
 - (aa) all matters connected with or incidental to the matters aforesaid.
- (3) Every rule made under this Act by the Board shall be published in the *Gazette*, and shall come into operation on such date as may be specified in such rule or, if no such date is so specified, on the date of such publication.
85. (1) The Minister may make regulations for all matters for which regulations are authorized to be made under this Act.
- (2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on such date as may be specified in the regulation or if no such date is so specified on the date of such publication.
- (3) Every regulation made by the Minister shall be brought before the Senate and the House of Representatives as soon as may be after the publication thereof by a motion that such regulation be approved.

(4) Any regulation which the Senate or the House of Representatives refuses to approve shall be deemed to be rescinded but without prejudice to the validity of anything previously done thereunder. The date on which the regulation shall be deemed to be rescinded shall be the date on which the Senate or the House of Representatives refuses to approve the regulation.

(5) Notification of the date on which any regulation made by the Minister is deemed to be rescinded shall be published in the *Gazette*.

86. (1) The Ceylon Savings Bank Ordinance, the Ceylon Post Office Savings Bank Ordinance and the Savings Certificates Ordinance are hereby repealed with effect from such date after the date of commencement of business by the Bank as may be fixed for the purposes of this Act by the Minister by Order published in the *Gazette*.

(2) With effect from the date of the repeal of the Ordinances specified in sub-section (1)—

- (a) the rights, obligations, assets and liabilities of the Ceylon Savings Bank and the Ceylon Post Office Savings Bank and in respect of the Savings Certificates Fund on the day immediately preceding that date shall be the rights, obligations, assets and liabilities of the Bank;
- (b) all deposits in the Ceylon Savings Bank and the Ceylon Post Office Savings Bank shall be deemed to be moneys lying, for the same period of time for the purpose of calculating interest, to the credit of persons in whose names the deposits are, on the day immediately preceding that date, in deposit and savings accounts of such type as the Board may determine;
- (c) every entry made in any depositor's book under the Ceylon Savings Bank Ordinance, or the Ceylon Post Office Savings Bank Ordinance shall be deemed to be an entry made under this Act and the rules made thereunder;
- (d) the investments made in the name of the board of directors of the Ceylon Saving Bank, the investments made by the board of trustees of the Ceylon Post Office Savings Bank and the investments made and the loans granted by the trustees of the Savings Certificates Fund shall be deemed to be investments made by the Bank under this Act;
- (e) every post office appointed by the Postmaster-General to be an office for the transaction of the business of the Ceylon Post Office Savings Bank under the Ceylon Post Office Savings Bank Ordinance and every office deemed under sub-section (2) of section 4 of that Ordinance to be an office of the Ceylon Post Office Savings Bank shall be deemed to be a branch office for the transaction of the business of the Bank appointed by the Official Authority under sub-section (2) of

section 5 of this Act on terms and conditions as far as may be, inclusive of remuneration, subsisting immediately prior to that date;

- (f) any savings certificate issued under the Savings Certificates Ordinance shall be deemed to be a savings certificate issued under this Act as regards surrender value and all other terms, conditions and restrictions subject to which it was issued;
- (g) any savings stamp issued by the Commissioner of Stamps for the purposes of the Savings Certificates Ordinance shall in all respects be deemed to be a savings stamp issued by him for the purposes of this Act;
- (h) an approved savings group under the Savings Certificates Ordinance shall be deemed to be an approved savings group under this Act;
- (i) an authority by resolution of the House of Representatives to borrow money by the issue of savings certificates under the Savings Certificates Ordinance shall be deemed to be an authority by the Monetary Board under section 63 of this Act for the Bank to borrow the like sum;
- (j) a direction under sub-section (2) of section 3 of the Savings Certificates Ordinance by the Minister charged with the administration of the subject and function of savings certificates to the Postmaster-General to borrow any sum of money by the issue of savings certificates shall be deemed to be an authority by the Monetary Board under sub-section (2) of section 64 of this Act for the Bank to borrow the like sum;
- (k) the regulations and notifications made under the Savings Certificates Ordinance shall be deemed to be rules and notifications made under this Act;
- (l) the officers and servants of the Ceylon Savings Bank shall be deemed to be officers and servants of the Bank on conditions not less favourable than those subsisting immediately prior to that date:

Provided that where the Bank is unable to offer suitable employment to any such officer or servant the Bank shall pay compensation to such officer or servant on such scale as may be prescribed;
- (m) the obligation of the Ceylon Savings Bank to pay pensions and allowances to retired officers and servants of that Bank shall be deemed to be the obligation of the Bank;
- (n) all contracts, deeds, bonds, agreements and other instruments which subsist or have effect immediately prior to that date and to which the board of directors of the Ceylon Savings Bank, the trustees

of the Ceylon Post Office Savings Bank or the Postmaster General acting under the provisions of the Ceylon Post Office Savings Bank Ordinance, or the trustees of the Savings Certificates Fund or the Postmaster-General acting under the provisions of the Savings Certificates Ordinance are a party, other than any contract of employment with any public servant or any officer or servant of the Ceylon Savings Bank or the Ceylon Post Office Savings Bank, shall have effect against or in favour of the Bank, as the case may be, as fully and effectively as if instead of such board of directors or trustees or the Postmaster-General, the Bank had been a party thereto;

- (o) all suits, appeals or other legal proceedings instituted by, or against, the board of directors of the Ceylon Savings Bank, the trustees of the Ceylon Post Office Savings Bank or the Postmaster-General acting under the provisions of the Ceylon Post Office Savings Bank Ordinance or the trustees of the Savings Certificates Fund or the Postmaster-General acting under the provisions of the Savings Certificates Ordinance and pending immediately prior to that date shall not abate or be discontinued or be in any way prejudicially affected by reason of such repeal, and accordingly may be continued and enforced by, or against, the Bank.

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

“agency” means an agency appointed by the Bank;

“appointed director” means a person who is appointed to be or to act as a director;

“approved savings group” means any body of persons declared in writing by the Minister or by an officer authorized in that behalf by the Minister to be an approved savings group for the purposes of this Act and any rule made thereunder;

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

“certificate”, “savings certificate” or “Ceylon Savings Certificate”, means a certificate which is issued or deemed to be issued under this Act by the Bank to any person on payment of the purchase price on the condition that such person, by virtue of the said payment, becomes entitled, on surrender of that certificate, to receive its surrender value at the time of such surrender;

“Chairman” means the Chairman of the Board;

“commercial bank” means any person or body of persons, corporate or unincorporate, which carries on in Ceylon the business of accepting from the public, or of creating, demand deposits, but does not include the Central Bank;

“director” means a member of the Board;

“local authority” means any Municipal Council, Urban Council or Town Council;

“lottery” includes any undertaking in the nature of a lottery;

“Minister” means the Minister of Finance;

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

“Panel of Valuers” means the Panel of Valuers appointed by the Board under this Act;

“Postmaster-General” means the person for the time being appointed to be, or to act as, the Postmaster-General of Ceylon;

“prescribed” means prescribed by rules made under this Act;

“prize competition” means any competition in which prizes are awarded and for the participation in which a fee is charged but does not include a lottery;

“purchase price”, when used with reference to a savings certificate, means the sum of money paid or to be paid for that savings certificate at the time of the issue thereof;

“purchaser”, when used with reference to a savings certificate—

(a) in the case of a savings certificate which is issued to an approved savings group and which has not been acquired by a member of that group, means the approved savings group to which that certificate is issued;

(b) in the case of a savings certificate which is issued to an approved savings group and which has been acquired by a member of that group, means the member who acquires that certificate from that group;

(c) in any other case, means the person or body of persons to whom a savings certificate is issued under this Act;

“rule” means a rule made by the Board under this Act;

“surrender value”, when used with reference to a savings certificate, means the sum of money which at any time the purchaser of that certificate is entitled to receive on the surrender thereof.

88. Section 83 of the Monetary Law Act is hereby amended as follows:—

- (1) in sub-section (1) of that section, by the substitution, for the words “commercial banks and the Co-operative Federal Bank of Ceylon, Limited,” of the words “commercial banks and the National Savings Bank,”; and

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

- (a) by the substitution, for the words “to any commercial bank or to the Co-operative Federal Bank of Ceylon, Limited,” of the words “to any commercial bank or to the National Savings Bank,”; and
- (b) by the substitution, for the words “by such commercial bank or the Co-operative Federal Bank of Ceylon, Limited,” of the words “by such commercial bank or the National Savings Bank,”.

89. Section 21 of the Trusts Ordinance is hereby amended as follows:—

- (1) by the substitution, for all the words from “shall be deemed to preclude,” to the end of that section, of the words “shall be deemed to preclude a deposit of trust money in a Government Savings Bank or in the National Savings Bank.”; and
- (2) in the marginal note to that section, by the substitution, for the words “in Government Savings Bank.”, of the words “in Government Savings Bank or National Savings Bank.”.

Inland Revenue (Amendment) Act, No. 33 of 1971

AN ACT TO AMEND THE INLAND REVENUE ACT, NO. 4 OF 1963

(Date of Assent: September 25, 1971)

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 33 of 1971.

2. Section 5 of the Inland Revenue Act, No. 4 of 1963, hereafter in this Act referred to as the “principal Act”, is hereby amended in sub-section (1) of that section as follows:—

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

“(cc) the profits and income of the Ceylon Tea Board established under the Ceylon Tea Board Act, No. 15 of 1970;”;

- (b) by the insertion, immediately after paragraph (dd) of that sub-section (inserted therein by Act No. 18 of 1965), of the following new paragraph:—

“(ddd) the profits and income of the Ceylon National Library Services Board established under the Ceylon National Library Services Board Act, No. 17 of 1970;”;

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

“(ss) any sum received on or after April 1, 1970, by an informer who is not employed in the public service as a reward under any scheme for the payment of rewards by a Government institution;”;

(d) by the insertion, immediately after paragraph (t) of that sub-section, of the following new paragraphs:-

“(tt) the income accruing to any person from moneys lying to his credit in a special account opened by him or on his behalf in a commercial bank with the approval of the Central Bank of Ceylon for the deposit, in accordance with the conditions imposed by the Central Bank of Ceylon, of sums obtained by him by the exchange of foreign currency held by him outside Ceylon;

“(ttt) the income accruing to any person from any investment made by him, with the approval of the Central Bank of Ceylon and in accordance with the conditions imposed by such Bank, with moneys lying to his credit in any such special account as is referred to in paragraph (tt);”;

(e) by the substitution, for paragraph (v) of that sub-section, of the following paragraph:-

“(v) any sum paid to any person under the Rubber Replanting Subsidy Act as a subsidy out of the Rubber Replanting Subsidy Fund established under that Act;”;

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

“(ww) any sum paid to any person under the Ceylon Tea Board Act, No. 15 of 1970, as a grant out of the Central Tea Fund established under that Act;”.

3. Section 16A of the principal Act, (inserted therein by Act, No. 6 of 1969), is hereby amended by the insertion, immediately after sub-section (4) of that section, of the following new sub-section:-

“(5) Sub-section (1) and sub-section (4) of this section shall, for each year of assessment commencing on or after the first day of April, 1970, have effect as though for the words “one thousand rupees” occurring in each of those sub-sections, there were substituted the words “five hundred rupees”.”.

4. The following new section is hereby inserted immediately after section 20, and shall have effect as section 20A, of the principal Act:-

20A. Where for any year of assessment commencing on or after April 1, 1969, the assessable income of an individual who is resident in Ceylon in the year preceding that year of assessment and who either is the head of a family or is not included in a family does not exceed six thousand rupees, such income shall not be taxable:

Provided, however, that where such individual is resident in Ceylon only for a part of the year preceding any year of assessment commencing on or after April 1, 1969, his assessable income shall be taxable if it exceeds a sum which bears to six thousand rupees the same proportion as the number of days during which he is so resident bears to the number of days in the year preceeding that year of assessment.”.

5. Section 23A of the principal Act, as amended by Act No. 12 of 1964, Act No. 18 of 1965 and Act No. 6 of 1969, is hereby further amended as follows:-

(1) in sub-section (1) of that section -

(a) by the substitution, in paragraph (b) of that sub-section, for the words ‘second Schedule to this Act; and’, of the words “Second Schedule to this Act;”;

(b) by the substitution, in paragraph (c) of that sub-section, for all the words and figures from “any year” to the end of that paragraph, of the following:-

“the year of assessment commencing on April 1, 1969, and the next subsequent year of assesment shall be computed in accordance with the provisions of Part IV of the Second Schedule to this Act; and”;

(c) by the addition, at the end of that sub-section, of the following new paragraph:-

“(d) income tax for any year of assessment commencing on or after April 1, 1971, shall be computed in accordance with the provisions of Part V of the Second Schedule to this Act.”;

(2) in sub-section (4) of that section, by the substitution, for the expression “in Part IV of the Second Schedule”, of the following:-

“in Part IV or Part V, whichever Part is applicable to that year of assessment, of the Second Schedule”; and

(3) by the addition, at the end of that section, of the following new sub-sections:-

“(5) The income tax payable for any year of assessment commencing on or after April 1, 1969, by an individual who is resident in Ceylon throughout the year preceding that year of assessment shall not be more than the amount by which his assessable income exceeds six thousand rupees.

(6) Where an individual is resident in Ceylon for only a part of the year preceeding any year of assessment commencing on or after April 1, 1969, the income tax payable by such individual for that year of assessment shall not be more than the difference between his assessable income for that year of assessment and the amount which bears to six thousand rupees the same proportion as the number of days during which he is resident bears to the total number of days in the year preceeding that year of assessment.”.

6. Section 25 of the principal Act is hereby amended by the insertion, immediately after sub-section (1A) of that section, of the following new sub-section:-

“(1B) Sub-section (1) of this section shall for the year of assessment commencing on April 1, 1970, have effect subject to the following modifications:-

(a) as though in paragraph (a) of that sub-section, there were substituted, for the expression “57 per centum”, the expression “60 per centum”; and

(b) as though in the proviso to that sub-section, there were substituted, for the expression “28½ per centum”, wherever that expression occurs in that proviso, the expression “35 per centum”.”.

7. Section 26 of the principal Act is hereby amended by the insertion, immediately after sub-section (1A) of that section, of the following sub-section:-

“(1B) Sub-section (1) of this section shall for the year of assessment commencing on April 1, 1970, have effect as though there were substituted, for the expression “57 per centum”, wherever that expression occurs in that sub-section, the expression “60 per centum”.”.

8. Section 31 of the principal Act is hereby amended in sub-section (1) of that section, by the insertion, immediately after paragraph (g) of that sub-section, of the following paragraph:-

“(gg) the moneys lying to his credit in any such special account as is referred to in paragraph (tt) of sub-section (1) of section 5 and the value of any such investments made by him as are referred to in paragraph (ttt) of sub-section (1) of that section.”.

9. Section 61 of the principal Act is hereby amended in sub-section (2) of that section by the substitution, in the proviso to that sub-section, for the words “preceding provisions of this sub-section,”, of the words “preceding provisions of this Act,”.

10. Section 68A of the principal Act, as amended by Act No. 26 of 1968 and Act No. 6 of 1969, is hereby further amended, in the definition of “approved investment” in sub-section (1) of that section, by the substitution, for the expression “March 31, 1970,”, of the expression “March 31, 1973,”.

11. Section 73A of the principal Act, as amended by Act No. 26 of 1968 and Act No. 6 of 1969, is hereby further amended by the substitution, for the expression "April 1, 1970," of the expression "April 1, 1973,".

12. Section 124 of the principal Act, as amended by Act No. 6 of 1969, is hereby further amended by the addition, at the end of that section, of the following sub-sections:-

"(8) Notwithstanding anything contained in the preceding provisions of this section, where it appears to the Commissioner that any person has committed an offence under the Exchange Control Act or the Customs Ordinance, he may communicate or deliver to the Controller of Exchange or the principal Collector of Customs, as the case may be, any information relating to the commission of the offence or any articles, books of account or other documents necessary or useful for the purpose of proving the commission of such offence.

(9) Where the Commissioner has under sub-section (8) communicated or delivered to the Controller of Exchange or the Principal Collector of Customs any information relating to the commission, or any articles, books of account or other documents necessary or useful for the purpose of proving the commission, by any person of an offence under the Exchange Control Act or the Customs Ordinance, as the case may be, the Commissioner or any other officer of the Department of Inland Revenue, notwithstanding anything to the contrary in the preceding provisions of this section, may upon the prosecution of such person for that offence give evidence relating to such information, articles, books of account or other documents and produce or cause to be produced any returns, books of account, other documents or articles he may be required to produce and notwithstanding anything in the Evidence Ordinance, relating to the proof of documents, the Commissioner or other officer may produce or cause to be produced, in court for the purposes of such prosecution, a copy of any particulars contained in any return, books of account or other document:

Provided that the Commissioner or other officer-

- (a) may produce or cause to be produced the original of such return, books of account or other document in any case where it is necessary to prove the handwriting, or the signature of the person who wrote, made, signed or furnished such return, books of account or other document, but only for the purposes of such proof;
- (b) shall not in any case be compelled to produce in court either the original of such return, books of account or other document or a copy of the particulars contained in such return, books of account or other document."

13. The following new section is hereby inserted immediately after section 125A, and shall have effect as section 125B, of the principal Act:-

125B. (1) The person having custody of the moneys lying in a specified provident fund to the credit of a contributor to such fund shall, when he makes payment of those moneys to that contributor, retain in his custody an amount equal to fifteen *per centum* of those moneys other than such part thereof as represents the contributions made by that contributor after April 1, 1954. The person who retains in his custody such amount shall notify the Commissioner of the amount so retained and deduct therefrom the sum which the Commissioner by notice in writing directs him to deduct and the sum deducted shall be paid to the Commissioner. Any balance left after the deduction of income tax may be paid to that contributor.

(2) For the purposes of sub-section (1), "specified provident fund" means the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958, or any regulated provident fund.'

14. The Second Schedule to the principal Act is hereby amended as follows:-

(1) in Part IV of that Schedule, by the substitution, for the words and figures "any year of assessment commencing on or after April 1, 1969," of the following:-

"for the year of assessment commencing on April 1, 1969, and the next subsequent year of assessment"; and

(2) by the insertion, immediately after Part IV of that Schedule, of the following:-

"PART V

The rates of income tax for any year of assessment commencing on or after April 1, 1971, shall be as follows:-

On the first Rs. 1,800 of the taxable income	..	7½ <i>per centum</i>
On the next Rs. 1,800 of the taxable income	..	10 <i>per centum</i>
On the next Rs. 2,400 of the taxable income	..	12½ <i>per centum</i>
On the next Rs. 2,400 of the taxable income	..	15 <i>per centum</i>
On the next Rs. 2,400 of the taxable income	..	17½ <i>per centum</i>
On the next Rs. 2,400 of the taxable income	..	20 <i>per centum</i>
On the next Rs. 3,600 of the taxable income	..	25 <i>per centum</i>
On the next Rs. 4,800 of the taxable income	..	30 <i>per centum</i>
On the next Rs. 7,200 of the taxable income	..	40 <i>per centum</i>
On the next Rs. 10,800 of the taxable income	..	50 <i>per centum</i>
On the next Rs. 10,800 of the taxable income	..	60 <i>per centum</i>
On the balance of the taxable income	..	65 <i>per centum</i> ."

Finance Act, No. 38 of 1971.

AN ACT TO ENACT THE PROVISIONS OF LAW NECESSARY TO GIVE LEGAL FORCE TO CERTAIN PROPOSALS, FINANCIAL OR OTHERWISE, CONTAINED IN THE BUDGET SPEECH OF THE MINISTER OF FINANCE FOR THE YEAR 1970-71, AND TO PROVIDE FOR OTHER MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date of Assent: October 19, 1971)

1. This Act may be cited as the Finance Act, No. 38 of 1971.

PART I

COMPULSORY SAVINGS FUND

2. Notwithstanding the provisions of any law to the contrary, the Monetary Board of the Central Bank shall lend to the Government the moneys lying in the Compulsory Savings Fund on such terms as may be determined by that Board with the concurrence of the Minister of Finance. Any moneys received by way of interest from such lending shall be credited to that Fund.

3. The expenses incurred in the administration of the Compulsory Savings Fund, the interest payable in terms of section 20 of the Compulsory Savings Act, No. 6 of 1971, the repayments of contributions made to that Fund and refunds of amounts paid in excess of contributions to that Fund, shall be met out of that Fund:

Provided, however, that where at any time the balance in the Compulsory Savings Fund is insufficient to meet any such payment, the money necessary to meet such payment shall be charged on the Consolidated Fund.

4. In this Part of this Act, "Compulsory Savings Fund" means the Compulsory Savings Fund established under section 2 of the Compulsory Savings Act, No. 6 of 1971.

PART II

FINANCIAL CONTROL OF PUBLIC CORPORATIONS

5. (1) The provisions of this Part of this Act shall apply to every public corporation notwithstanding anything to the contrary in the provisions of any other written law:

Provided, however, that the Minister of Finance may from time to time, by Order published in the *Gazette*, exempt any public corporation from all the provisions of this Part of this Act, or from any such provisions as shall be specified in the Order.

(2) Any Order published in the *Gazette* by the Minister of Finance under sub-section (1) may be amended, revoked or replaced by a like Order.

(3) Any Order published in the *Gazette* by the Minister of Finance under the preceding provisions of this section shall come into operation on the date of such publication, or on such later date as may be specified therein.

6. A public corporation shall give effect to the provisions of this Part of this Act from the date of commencement of the financial year 1973 or, if possible, earlier.

7. (1) It shall be the duty of the governing body of a public corporation to conduct the business of the corporation so that the ultimate surpluses on revenue account shall at least be sufficient to cover the ultimate deficits on such account over a period of five years or such other period as may be determined by the Minister of Finance. In determining the ultimate surplus or ultimate deficit for each year under this section, there shall be charged against the revenue account the charges specified in section 9 and the appropriations specified in section 10.

(2) Subsidies which may be received by a public corporation from the Government in terms of section 17 shall be included in the revenue of the corporation in arriving at the surplus or deficit in any year.

8. (1) Every public corporation shall prepare a budget in respect of every financial year and such budget shall be approved by the governing body of such corporation not later than three months prior to the commencement of the financial year to which the budget relates.

(2) Notwithstanding the approval of the budget by the governing body of a public corporation, no commitments of capital expenditure provided in such budget in excess of five hundred thousand rupees shall be incurred by such corporation except,—

- (a) in any case where the appropriate Minister is the Minister of Planning, with the prior approval of the appropriate Minister given with the concurrence of the Minister of Finance; or
- (b) in any case where the appropriate Minister is not the Minister of Planning, with the prior approval of the appropriate Minister given with the concurrence of both the Minister of Planning and the Minister of Finance.

(3) The budget of a public corporation shall give projections of revenue and expenditure both recurrent and capital, financial resources, investments of funds, cash resources and other relevant information. Such budget shall show a budgeted profit and loss account or income and expenditure account for each financial year and a projected balance sheet showing the position at the end of that year. The form and manner in which the budget shall be prepared, and the minimum information that the budget shall contain, shall be as determined in any case where—

- (a) the appropriate Minister is the Minister of Finance, by the appropriate Minister; or
- (b) the appropriate Minister is not the Minister of Finance, by the appropriate Minister with the concurrence of the Minister of Finance.

(4) A public corporation shall forward copies of its budget to the Ministry of the appropriate Minister, the Ministry of Finance and the Ministry of Planning immediately after the budget has been approved by the governing body of the corporation.

9. (1) The revenue of a public corporation in any year shall consist of moneys received and accrued in the exercise, performance or discharge of its powers, duties, or functions in respect of—

- (a) the sale of its products and services;
- (b) any subsidies received in terms of section 17; and
- (c) other sundry income including profit from the sale of capital assets.

(2) For the purpose of determining the net surplus or net deficit in any year of a public corporation, the following charges shall be set off against its revenue:—

- (a) the working, establishment and other expenses of the corporation whether paid or accrued in connection with the exercise, performance and discharge of its powers, duties and functions, properly chargeable to revenue account;
- (b) allocations to cover the depreciation of the movable and immovable property of the corporation, based on historical cost;
- (c) the interest on any loans obtained by the corporation;
- (d) any losses incurred in the sale of capital assets;
- (e) income tax or any other tax which the corporation is required to pay under any written law; and
- (f) payment to the Consolidated Fund of a return on the capital grants of the Government at such rate, or payment to the Consolidated Fund of such amount, as may be determined, from time to time, by the Minister of Finance.

10. (1) Subject to the provisions of sub-section (3), the net surplus for any year, if any, out of the revenue of a public corporation after defraying the charges mentioned in section 9 may be appropriated by the corporation for all or any of the purposes to which the provisions of this sub-section apply.

(2) The provisions of sub-section (1) shall apply to the following purposes:—

- (a) writing off the whole or any part of any accumulated losses brought forward;
- (b) writing off the whole or any part of the preliminary expenses incurred in the formation of the corporation;

- (c) writing off the whole or any part of any unproductive expenditure or loss not properly chargeable to revenue account;
 - (d) transfers to a loan redemption reserve which the corporation is hereby authorized to establish and maintain; and
 - (e) transfers to other reserves.
- (3) No appropriation shall be made by a public corporation under the preceding provision of this section except,—

- (a) in any case where the appropriate Minister is the Minister of Finance, with the approval of the appropriate Minister so, however, that, if the purpose for which such appropriation is to be made is the purpose mentioned in paragraph (e) of sub-section (2), no such approval shall be given without the concurrence of the Minister of Planning; or
 - (b) in any case where the appropriate Minister is not the Minister of Finance, with the approval of the appropriate Minister given with the concurrence of the Minister of Finance so, however, that, if the purpose for which the appropriation is to be made is the purpose mentioned in paragraph (e) of sub-section (2), no such approval shall be given without the concurrence also of the Minister of Planning.
- (4) No debits against or transfers out of any of the reserves mentioned in paragraphs (d) and (e) of sub-section (2) shall be made by a public corporation except,—

- (a) in any case where the appropriate Minister is the Minister of Finance, with the approval of the appropriate Minister given with the concurrence of the Minister of Planning; or
 - (b) in any case where the appropriate Minister is not the Minister of Finance, with the approval of the appropriate Minister given with the concurrence of both the Minister of Finance and the Minister of Planning.
- (5) All sums remaining out of the net surplus revenue of a public corporation in any year after the appropriations mentioned in sub-section (1) have been made shall be paid to the Consolidated Fund.

11. No moneys of a public corporation shall be invested except,—

- (a) in any case where the appropriate Minister is the Minister of Finance, with the approval of the appropriate Minister; or
- (b) in any case where the appropriate Minister is not the Minister of Finance, with the approval of the appropriate Minister given with the concurrence of the Minister of Finance;

Provided, however, that any temporary surpluses of cash of a public corporation shall be deposited by the corporation in the General Treasury, and shall be refundable on demand made by the corporation.

12. A public corporation shall cause proper accounts of the income and expenditure, assets and liabilities and of all other transactions of the corporation to be kept. A public corporation shall prepare an annual statement of accounts and statistics relating to the activities of the corporation in such form and containing such particulars as,—

- (a) in any case where the appropriate Minister is the Minister of Finance, the appropriate Minister may from time to time specify; or
- (b) in any case where the appropriate Minister is not the Minister of Finance, the appropriate Minister may from time to time specify with the concurrence of the Minister of Finance.

13. (1) The Auditor-General shall be the auditor for every public corporation. For the purpose of assisting him in the audit, the Auditor-General may, if he thinks it necessary to do so, employ the services of any qualified auditor or auditors who shall act under his direction and control.

(2) For the purpose meeting the expenses incurred by him in the audit of the accounts of a public corporation, the Auditor-General shall be paid by the corporation such remuneration as the appropriate Minister may, with the concurrence of the Minister of Finance, determine. Any remuneration received from the corporation by the Auditor-General shall, after deduction of any sums paid by him to any qualified auditor or auditors employed by him for the purposes of such audit, be credited to the Consolidated Fund.

(3) The Auditor-General shall inspect the accounts, the finances, the management of the finances and the property of a public corporation. The Auditor-General shall as far as possible, and as far as necessary, examine—

- (a) whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of financial control purposes and from the point of view of the presentation of information to enable a continuous evaluation of the activities of the corporation, and whether such systems, procedures, books, records and other documents are in effective operation;
- (b) whether the conduct of the corporation has been in accordance with the law, rules and regulations relevant to the corporation and whether there has been fairness in the administration of the corporation;
- (c) whether there has been economy and efficiency in the commitment of funds and utilization of such funds;
- (d) whether systems of keeping moneys and the safeguarding of property are satisfactory,

- (e) whether the accounts audited have been so designed as to present a true and fair view of the affairs of the corporation in respect of the period under consideration due regard being had to principles of accountancy, financing and valuation; and

- (f) any such other matters as he may deem necessary.

(4) The Auditor-General shall at his discretion determine the nature and extent of the audit that shall be carried out in any particular period in respect of any particular public corporation, and may at his discretion dispense with the audit of any particular aspect or aspects relevant to a particular public corporation in the period under review.

(5) The Auditor-General shall have:-

- (a) the right of access to any books, records, documents and any type of information which is directly or indirectly related to the activities of a public corporation under audit as he deems necessary;
- (b) the right to call for such information, documents, explanations, reports or other material at any time as in his opinion are necessary for the purposes of the audit;
- (c) the right to summon any person for examination, and for the production of any documents where such examination or production is considered necessary for the purposes of the audit;
- (d) the right to require the corporation to settle its minimum internal audit programmes by agreement with the Auditor-General, and the right to give any directions to the corporation with regard to the conduct of the minimum internal audit programmes and the manner of reporting by the internal audit.

The corporation or any person shall comply with any request made by the Auditor-General in the exercise of his above-mentioned rights.

(6) The accounts of a public corporation for each financial year shall be submitted to the Auditor-General for audit within four months after the close of that year along with any report on the accounts which the Auditor-General may require to be submitted in the manner specified by him. Any such corporation which contravenes or fails to comply with the preceding provisions of this sub-section shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees.

(7) (a) The Auditor-General shall submit a report to the Chairman of each public corporation within eight months after the close of the financial year to which the report relates dealing with the results of the audit including a report on the accounts examined in the year. Copies of such report shall be forwarded by him where:-

(i) the appropriate Minister is the Minister of Finance, to the appropriate Minister; or

(ii) the appropriate Minister is not the Minister of Finance, to both the appropriate Minister and the Minister of Finance.

(b) The Auditor-General may, if he thinks it necessary to do so, also submit to the Chairman of each public corporation interim reports at any time dealing with matters arising from the audit.

(c) The Auditor-General shall, within ten months after the close of the financial year, submit a report to the House of Representative on the results of the audit carried out in respect of each public corporation drawing attention to matters which in his opinion would be of interest to the House of Representatives.

(8) The reports referred to in paragraphs (a) and (b) of sub-section (7) shall be considered by the governing body of a public corporation and after such consideration that body shall inform the Auditor-General of the steps that they propose to take with regard to the matters pointed out in the audit reports within three months of the submission of the reports to the corporation.

(9) For the purposes of this section, the expression "qualified auditor" means—

(a) an individual who, being a member of the Institute of Chartered Accountants of Ceylon, possesses a certificate to practise as an Accountant, issued by the Council of that Institute; or

(b) a firm of Chartered Accountants each of the partners of which being a member of that Institute, possesses a certificate to practise as an Accountant issued by the Council of that Institute;

and includes—

(i) a person, not being an employee of the public corporation under audit or directly or indirectly associated with the direction and management of the affairs of such corporation, who may be engaged by the Auditor-General to assist him in the examination of any technical, professional or scientific problem relevant to the audit; or

(ii) any technical or professional or scientific institution, not being an institution which has any interest in the management and affairs of such corporation, whose services the Auditor-General may obtain to assist him in the examination of any technical, professional or scientific problem relevant to the audit.

(10) Where a public corporation is guilty of an offence under this Act by reason of a contravention of the provisions of sub-section (6), every member of the governing body of that corporation shall be deemed to be guilty of that offence:

Provided, however, that a member of the governing body of such corporation shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

14. (1) A public corporation shall, immediately after the end of each financial year of the corporation, prepare a draft annual report on the exercise, discharge and performance by the corporation of its powers, functions and duties during that year and of its policy and programme. Such report shall set out any directions given by the appropriate Minister to the corporation during the year. Copies of such report shall, within four months after the end of that year, be submitted to the appropriate Minister and to the Minister of Finance (if he is not the appropriate Minister), the Minister of Planning and the Auditor-General.

(2) A public corporation shall, on receipt of the audited accounts in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the appropriate Minister:—

- (a) the audited balance sheet;
- (b) the audited operating and profit and loss accounts;
- (c) any comments or observations made by the Auditor-General which the Auditor-General considers should be published with the annual report of the corporation;
- (d) the statement of accounts and statistics prepared under section 12; and
- (e) the annual report of the corporation referred to in sub-section (1) in its final form.

(3) The appropriate Minister shall lay copies of the documents transmitted to him under sub-section (2) before the House of Representatives before the end of ten months following the year to which such report and accounts relate.

(4) A public corporation shall cause copies of the documents referred to in sub-section (2) to be printed at the expense of the corporation and to be made available for purchase by the public at such price as shall be determined by the corporation.

15. The appropriate Minister may direct the governing body of a public corporation to give effect to such recommendations made by the Public Accounts Committee in its reports to the House of Representatives relating to the corporation as may be determined by the Minister.

16. (1) The governing body of a public corporation may, subject to the provisions of sub-sections (2), (3) and (4), borrow by way of overdraft or otherwise or negotiate and obtain on credit terms in Ceylon or abroad, such sums as that body may require for meeting the obligations of the corporation or carrying out its objects.

(2) The governing body of a public corporation shall not exercise the borrowing powers conferred on it by sub-section (1), except,—

- (a) in any case where the appropriate Minister is the Minister of Finance, with the concurrence of the appropriate Minister, or in accordance with the terms of any general authority given with the concurrence of the appropriate Minister; or
- (b) in any case where the appropriate Minister is not the Minister of Finance, with the concurrence of both the appropriate Minister and the Minister of Finance, or in terms of a general authority given with like concurrence.

(3) The aggregate of the amounts outstanding in respect of any borrowings by the governing body of a public corporation under the preceding provisions of this section shall not at any time exceed,—

- (a) in any case where the appropriate Minister is the Minister of Finance, such sum as may be determined by him; or
- (b) in any case where the appropriate Minister is not the Minister of Finance, such sum as may be determined by the appropriate Minister with the concurrence of the Minister of Finance.

(4) Where any liability in respect of foreign exchange will be incurred if the governing body of a public corporation exercises the borrowing powers conferred on it by sub-section (1), then, such body shall not exercise such powers without the prior concurrence of the Minister of Planning.

17. (1) A public corporation may be entitled to claim a subsidy from the Government for any year if as a result of any decision of the Government or of any directions issued by the appropriate Minister the governing body of the corporation is prevented from determining during any particular period a pricing policy for the corporation to meet the financial obligations referred to in section 7. Such subsidy shall not in any case exceed an amount which, when added to the revenue for that year, shall enable the corporation to meet the said financial obligations.

(2) Every claim for a subsidy by a public corporation in terms of the preceding provisions of this section shall, not later than a period of three months after the end of the year to which the subsidy relates, be referred,—

- (a) in any case where the appropriate Minister is the Minister of Finance, for decision to the appropriate Minister; or
- (b) in any case where the appropriate Minister is not the Minister of Finance, for decision to the Minister of Finance through the appropriate Minister who shall make his recommendations on such claim.

(3) The Minister of Finance shall decide on the subsidy to be paid to a public corporation and the manner of such payment.

18. The capital contributed to a public corporation by the Government by way of grants shall not be reduced except on the authority of a resolution introduced in the House of Representatives by the appropriate Minister and passed by that House.

19. Where the appropriate Minister considers that the activities of a public corporation should be terminated, the Minister may, under the authority of a resolution passed by the House of Representatives—

- (a) dissolve the corporation; and
- (b) appoint one or more persons to be the liquidator or liquidators of the corporation.

20. The liquidator of a public corporation appointed under section 19 shall, subject to the directions of the appropriate Minister, have power to—

- (a) decide any questions of priority which arise between the creditors;
- (b) compromise any claim by or against the corporation with the sanction of the Minister previously obtained;
- (c) take possession of the books, documents and assets of the corporation;
- (d) sell the property of the corporation with the previous sanction of the Minister; and
- (e) arrange for the distribution of the assets of the corporation in a manner set out in a scheme of distribution approved by the Minister.

21. (1) In the liquidation of a public corporation, the funds of the corporation shall be applied first to the cost of liquidation and then to the discharge of the liabilities of the corporation.

(2) When the liquidation of a public corporation has been closed, a notice of liquidation shall be published in the *Gazette* and no action in respect of any claim against the corporation shall be maintainable, unless it is commenced within two years from the date of the publication of such notice in the *Gazette*.

(3) Any surplus remaining after the application of funds to the purposes specified in sub-section (1) and the payment of any claim for which an action has been instituted under sub-section (2) shall be vested in the Secretary to the Treasury.

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

“appropriate Minister”, in any context relating to a public corporation or any object or function of the corporation, means the Minister to whom the subject of the corporation, or of that object or function, as the case may be, has been assigned by the Prime Minister;

“Auditor-General” means the Auditor-General, and includes any member of his staff acting under his authority;

“governing body”, in relation to a public corporation, means the board of directors, or other body of persons by whatsoever name or designation called, charged with the management or administration of the affairs of the corporation;

“public corporation” means any corporation, board or other body which was or is established by or under any written law, other than the Companies Ordinance, with capital wholly or partly provided by the Government by way of grant, loan or other form.

PART III

FINANCIAL YEAR OF THE GOVERNMENT AND OF PUBLIC INSTITUTIONS

23. (1) Notwithstanding anything to the contrary in any other written law, with effect from January 1, 1972, the financial year of the Government and of every public institution shall be the period of twelve months commencing on the first day of January of each year:

Provided, however, that where the accounting period for the previous year ends on or after September 30, 1971, the first set of accounts in terms of sub-section (1) shall relate to the period commencing from such date and ending on December 31, 1972.

(2) Where the accounting period of a public institution for the previous year ends on a date prior to September 30, 1971, such public institution shall prepare a separate set of accounts for the period commencing from such date and ending on December 31, 1971.

24. In this Part of this Act, unless the context otherwise requires, “public institution” means any corporation, board or other body established by or under any written law, other than the Companies Ordinance, with capital wholly or partly provided by the Government by way of grant, loan or other form.

PART IV

ESTABLISHMENT OF SPECIAL FUNDS TO RECEIVE VOLUNTARY CONTRIBUTIONS IN MONEY MADE TO THE GOVERNMENT FOR CHARITABLE PURPOSES

25. (1) Any voluntary contribution made to the Government for any specified charitable purpose may be held in deposit in one or more accounts in the General Treasury, or in any such Kachcheri in the Island as may be determined by the Minister of Finance.

(2) The expression “charitable purpose” in sub-section (1) means –

- (a) the relief of poverty or distress;
- (b) medical relief;
- (c) the advancement of education or knowledge; or
- (d) any other purpose beneficial to the public or any section of the public.

26. Payments may be made from any deposit account established under section 25 by the Deputy Secretary to the Treasury, or by an officer authorized by such Deputy Secretary in that behalf, subject to the general directions and control of the Minister of Finance.

PART V

AMENDMENTS TO THE MOTOR TRAFFIC ACT

27. The provisions of section 28 shall come into operation on such date as the Minister of Finance may, in consultation with the Minister to whom the subject of communications has been assigned by the Prime Minister, appoint by Order published in the *Gazette*.

28. Section 240 of the Motor Traffic Act is hereby amended as follows:-

(1) by the substitution, for the definition of "motor vehicle", of the following new definition:-

"motor vehicle" means-

(a) any mechanically propelled vehicle including a tractor, or trailer which is intended or adapted for use on roads and which is duly authorized in that behalf by the Registrar of Motor Vehicles, but does not include a road-roller; or

(b) any mechanically propelled vehicle intended for use on land in connection with an agricultural or constructional purpose such as levelling, dredging, earth-moving, forestry or any similar operation and authorized in that behalf by the Registrar of Motor Vehicles, but does not include a road-roller; and

(2) by the deletion of the definition of "land vehicle".

29. Notwithstanding any of the provisions of the Motor Traffic Act, there shall be levied and collected a penalty amounting to ten *per centum* of the amount of any licence fee due under any regulation made under that Act if payment of of such licence fee is not made in full on or before the date on which such fee falls due for payment in terms of such regulation.

PART VI

AMENDMENTS TO THE FOREIGN EXCHANGE AMNESTY ACT, NO. 1 OF 1971

30. The Foreign Exchange Amnesty Act, No. 1 of 1971, is hereby amended -

(a) in sub-section (1) of section 2 of that Act, by the substitution, for the expression "any person resident in Ceylon", of the expression "any person";

(Cxx)

- (b) in sub-section (1) of section 3 of that Act, by the substitution, for the expression "March 31, 1971," of the expression "July 31, 1971,";
- (c) in section 7 of that Act, by the substitution, for the expression "March 31, 1971," of the expression "July 31, 1971,"; and
- (d) in the long title to that Act -
 - (i) by the substitution, for the expression "by persons resident in Ceylon", of the expression "by person"; and
 - (ii) by the substitution, for the expression "March 31, 1971," of the expression "July 31, 1971,".

31. The amendments made to the Foreign Exchange Amnesty Act, No. 1 of 1971, by section 30 of this Act shall be deemed, for all purposes, to have come into force on the date on which that Act came into operation.

Passport (Regulation) and Exit Permit Act, No. 53 of 1971

AN ACT TO PROVIDE FOR THE REGULATION AND CONTROL OF THE ISSUE AND RENEWAL OF PASSPORTS; FOR THE ISSUE OF EXIT PERMITS TO CITIZENS OF CEYLON; TO IMPOSE AN OBLIGATION ON CITIZENS OF CEYLON EMPLOYED ABROAD TO REMIT A PART OF THEIR EARNINGS IN FOREIGN EXCHANGE TO CEYLON; AND TO PROVIDE FOR ALL MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

(Date of Assent: December 17, 1971)

1. This Act may be cited as the Passport (Regulation) and Exit Permit Act, No. 53 of 1971, and shall come into operation on such date as the Minister may appoint by Notification published in the *Gazette*.

2. The provisions of this Act shall be in addition to, and not in derogation of, the provisions of any other written law:

Provided, however that, in the event of any inconsistency or conflict between the provisions of this Act and the provisions of any other written law, the provisions of this Act shall to the extent, and to the extent only, of such inconsistency or conflict, prevail over the provisions of such other written law.

PART I

PASSPORTS AND EMERGENCY CERTIFICATES

3. It shall be in the discretion of the competent authority to issue or renew a passport or emergency certificate or to refuse to issue or renew a passport or emergency certificate, and no such refusal to issue or renew a passport or emergency certificate shall be called in question in any court of law or tribunal by way of writ or otherwise:

Provided, however, that any person aggrieved by the decision of the competent authority shall be entitled to appeal to the Minister.

4. (1) It shall be deemed to be a condition of the issue or renewal of any passport or emergency certificate that the competent authority may, at any time and in his discretion,—

- (a) cancel or suspend such passport or emergency certificate; or
- (b) restrict the validity of such passport or emergency certificate as regards its duration or as regards the countries of travel.

(2) Where the competent authority cancels or suspends or restricts the validity of any passport or emergency certificate under sub-section (1), he shall cause notice of such cancellation or suspension or restriction to be served on the holder of such passport or emergency certificate and upon the receipt of such notice, the holder of such passport or emergency certificate shall surrender such passport or emergency certificate to the competent authority or to an officer specified by him.

5. (1) The duration of validity of a passport shall be a period not exceeding one year, provided that the competent authority may in special circumstances and in his discretion issue a passport which is valid for a period not exceeding three years. The competent authority may renew the validity of such passport from time to time for further periods, each such period not exceeding three years, so however that the total period of validity of such passport shall not exceed ten years from the date of its issue.

(2) The duration of validity of an emergency certificate shall be a period not exceeding one year, provided that the competent authority may in special circumstances and in his discretion issue an emergency certificate which is valid for a period not exceeding two years. The competent authority may renew the validity of such emergency certificate for a further period not exceeding two years.

6. (1) A diplomatic passport shall be issued only to a person or category of persons approved by the Minister.

(2) The duration of validity of a diplomatic passport shall, in the first instance, be a period not exceeding five years. The competent authority may renew the validity of such passport for a further period not exceeding five years.

7. (1) The competent authority may, in his discretion, determine the countries of travel in respect of which any passport or emergency certificate shall be issued and such passport or emergency certificate shall be valid for travel only to the countries so specified.

(2) An emergency certificate may be endorsed by the competent authority as valid for travel only to India, Nepal or Pakistan.

8. The validity of a passport or emergency certificate may be restricted to a single journey or to a specified number of journeys. Where the number of journeys is not so specified, such passport or emergency certificate shall be valid for any number of journeys.

9. (1) The fee for the issue of a passport shall be twenty rupees and the fee for its renewal shall be five rupees *per annum*.

(2) The fee for the issue of a diplomatic passport shall be thirty rupees and the fee for its renewal shall be five rupees *per annum*.

(3) The fee for the issue of an emergency certificate shall be five rupees and the fee for its renewal shall be five rupees *per annum*.

(4) The fees for the issue or renewal of a passport or emergency certificate under the proviso to section 17 (1) shall be five rupees and two rupees, respectively.

PART II

EXIT PERMITS

10. No citizen of Ceylon who, on the date of the coming into operation of this Act, is in possession of a valid passport or emergency certificate, shall leave Ceylon except under the authority of an exit permit issued by the competent authority:

Provided, however, that the preceding provisions of this section shall not apply to a citizen of Ceylon who has been residing in any foreign country for a period of not less than three months immediately prior to the date of the coming into operation of this Act and comes to Ceylon after that date.

11. No airline, shipping company or travel agent shall sell or issue a ticket or provide a passage, whether payment for such ticket or passage has been or will be made in Ceylon or otherwise, for travel out of Ceylon to any person who is required to obtain an exit permit under the provisions of section 10 unless such person is in possession of such an exit permit.

12. Where the competent authority is of opinion that a person who has applied for an exit permit referred to in section 10, will be leaving Ceylon for the purpose of engaging in any employment in any foreign country, whether or not he had already obtained or sought such employment, the competent authority may, as a condition precedent to the issue of the exit permit, require such person to enter into an agreement with the competent authority of the nature specified in section 14.

13. Where the competent authority issues an exit permit under this Part, he may, in his discretion, restrict the validity of the passport of the holder of the exit permit to expire on a date not later than three years from the date of the issue of such exit permit or restrict the countries to which the holder of such passport may travel:

Provided, however, that any person aggrieved by the decision of the competent authority shall be entitled to appeal to the Minister.

PART III

IMPOSITION OF CONDITIONS ON HOLDERS OF PASSPORTS, EMERGENCY CERTIFICATES AND EXIT PERMITS, WHEN LEAVING CEYLON

14. (1) Where a person applies to the competent authority for the issue or renewal of a passport or emergency certificate or for the issue of an exit permit referred to in section 10, and the competent authority is of opinion that the applicant will be leaving Ceylon for the purpose of engaging in any employment in any foreign country, whether or not he has already obtained or sought such employment, the competent authority may, as a condition precedent to the issue or renewal of such passport or emergency certificate or to the issue of such exit permit, require the applicant to—

- (a) if he does not already have an account in his name in a commercial bank in Ceylon, open such an account; and
- (b) enter into an agreement with the competent authority for and on behalf of the Government, substantially in such form as may be required by the competent authority, that he shall remit in foreign exchange to his account in such bank, such amounts, at such intervals and for such period, as may be determined by the competent authority.

(2) In determining the amount to be remitted under sub-section (1), the competent authority shall take into consideration the ability of such person to remit such amount, so however that the amount determined shall in no case exceed ten *per centum* of the total monthly emoluments that he is likely to obtain from such employment.

PART IV

PROVISIONS APPLICABLE TO CITIZENS OF CEYLON IN FOREIGN COUNTRIES

15. (1) Where any citizen of Ceylon who is in a foreign country and is engaged in any employment in such country applies for the issue or renewal of his passport or emergency certificate to the competent authority in such country, the competent authority may, as a condition precedent to the issue or renewal of such passport or emergency certificate, require the applicant to enter into an agreement with the competent authority for and on behalf of the Government substantially in such form as may be provided by the competent authority and containing the following terms and conditions:—

- (a) that such person shall, if he does not already have an account in his name in a commercial bank in Ceylon, open such an account; and
- (b) that he shall remit in foreign exchange to his account in such bank, such amounts, at such intervals and for such period, as may be determined by the competent authority.

(2) In determining the amount to be remitted under sub-section (1) the competent authority shall take into consideration the ability of such person to remit such sum, so however that the amount determined shall in no case exceed ten *per centum* of the total monthly emoluments that he obtains from such employment.

PART V

GENERAL

16. The Minister may, from time to time, issue to the Controller such general or special directions as may be necessary to give full force and effect to the principles of this Act or to the policy of the Government, so however that no such direction shall be in conflict or inconsistent with the provisions of this Act or the regulations made thereunder.

17. (1) Without prejudice to the powers of the competent authority under section 3, it shall be lawful for the competent authority to refuse to issue or renew a passport or emergency certificate or to refuse to issue an exit permit to—

- (a) any person who does not enter into the agreement required to be entered into under the provisions of section 14 (1) or section 15 (1);
or
- (b) any person who defaults in the performance of the terms of an agreement entered into under the provisions of section 14 (1) or section 15 (1); or
- (c) any person who fails to discharge his obligations under the Compulsory Public Service Act, No. 70 of 1961:

Provided, however, that the competent authority shall, if such person applies for the issue or renewal of a passport or emergency certificate solely for the purpose of returning to Ceylon, issue to such person a passport or emergency certificate which is valid for a period not exceeding six months.

(2) Any person who defaults in the performance of the terms of an agreement entered into under the provisions of section 14 (1) or section 15 (1) or who fails so discharge his obligations under the Compulsory Public Service Act, No. 70 of 1961, shall be liable to have his passport or emergency certificate cancelled.

18. Any person—

- (a) who contravenes or fails to comply with any provisions of this Act or any regulation made thereunder; or
- (b) who contravenes or fails to comply with any terms or conditions of his relevant agreement,

shall, in addition to any penalty or other punishment otherwise specially provided for, be guilty of an offence under this Act and shall on conviction after summary trial before a competent 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.

19. No prosecution for an offence under this Act shall be instituted except by the Controller or with his written sanction.

20. The Controller, in consultation with the Governor of the Central Bank of Ceylon or a person deputed by him, may compound an offence committed under section 18 (b) by accepting from the offender the sum of foreign exchange which he has failed to remit to Ceylon under the agreement or a sum in Ceylon rupees not exceeding three times the value of such foreign exchange.

21. (1) The Minister may make all such regulations as may be necessary for the purpose of carrying out the provisions and giving effect to the principles of this Act.

(2) Every regulation made by the Minister shall as soon as may be possible be placed before the House of Representatives for approval, and every such regulation shall be valid and effectual from the date on which notification of such approval is published in the *Gazette*.

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

“commercial bank” has the same meaning as in the Monetary Law Act;

“competent authority” has the same meaning as in the Immigrants and Emigrants Regulations, 1956;

“competent Magistrate” means a Magistrate having jurisdiction within the limits of the judicial district of Colombo as defined in the First Schedule to the Courts Ordinance;

“Controller” has the same meaning as in the Immigrants and Emigrants Act, and includes any Deputy or Assistant Controller of Immigration and Emigration;

“emergency certificate” has the same meaning as in the Immigrants and Emigrants Regulations, 1956;

“exit permit” means an exit permit issued by the competent authority under this Act;

“foreign country” means any country other than Ceylon;

“foreign exchange” has the same meaning as in the Exchange Control Act.

(B) Major Administrative measures adopted by the Monetary Board in 1971.

Circular No. 40

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
January 9, 1971.

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
Deutsche Marks (West Germany)	(per DM. 10/-)	15.85
French Francs	(per FF. 10/-)	10.45
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/-)	15.80
French Francs	(per FF. 10/-)	10.40
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.

Addendum to Circular No. 35
of January 10, 1970.

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
January 30, 1971.

**Refinance - Rates of interest on Medium & Long Term
Credit for tea factory modernisation.**

With effect from January 30, 1971, the rates of interest on refinance loans granted by the Central Bank to credit institutions in respect of loans granted by such institutions on and after 1.12.70 for the modernisation of tea factories and/or construction of new factories under the 2nd ADB Loan to the Central Bank shall be:-

- (i) 6% per annum in respect of refinance loans to cover the local costs of 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 $9\frac{1}{2}$ % per annum on loans granted by them to their customers and for which they have sought refinance from the Central Bank,
- (ii) 8% 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 $9\frac{1}{2}$ % per annum on loans granted by them to their customers and for which they have sought refinance from the Central Bank.

K. GUNARATNAM
Chief Accountant.

W. TENNEKOON
Governor.

Circular No. 41
(Amendment)

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
February 2, 1971.

Central Bank's Exchange Rates

(Reference: Section 74 of the Monetary Law Act)

Consequent to the decimalisation of the U. K. Pound Sterling with effect from February 15, 1971 the Central Bank's quotations for transactions in Pounds Sterling with effect from that date shall be as follows:

	Central Bank's buying rates for telegraphic transfers	Central Bank's selling rates for telegraphic transfers
Sterling (per £ 100)		
Spot	Rs. 1426 3/16	Rs. 1427 1/2
Forward	21/32 of a rupee per month discount against spot*	21/32 of a rupee per month premium against spot*

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

K. GUNARATNAM
Chief Accountant.

W. TENNEKOON
Governor.

Circular No. 42
(Amendment)

Central Bank of Ceylon,
P. O. Box 590,
Colombo-1.
February 2, 1971.

Commercial Banks' Exchange Rates

(Reference: Section 76 of the Monetary Law Act)

Consequent to the decimalisation of the U. K. Pound Sterling with effect from February 15, 1971 the following quotations are applicable to commercial banks' transactions in Pounds Sterling, with effect from that date:

		Minimum Buying Rates <i>Clean, Telegraphic Transfers</i>	Maximum Selling Rates <i>Clean Telegraphic Transfers</i>
(a)	For amounts of £100 and below (per £1) ..	Rs. 14 3/16	Rs. 14 19/64
(b)	For amounts over £100 (per £100) ..	Rs. 1422/-	Rs. 1429/-

K. GUNARATNAM
Chief Accountant.

W. TENNEKOON
Governor.

Circular No. 43.

Central Bank of Ceylon,
P. O. Box 590,
Colombo-1.
May 26, 1971.

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/-)	23.55
Canadian Dollars	(per \$ 1/-)	5.40
Deutsche Marks (West Germany)	(per DM. 10/-)	15.85
French Francs	(per FF. 10/-)	10.45
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/-)	14.30
U. K. Pounds	(per £ 1/-)	14.05
U. S. Dollars	(per \$ 1/-)	5.85

2. The following rates are applicable to commercial bank's 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/-)	23.50
Canadian Dollars	(per \$ 1/-)	5.35
Deutsche Marks (West Germany)	(per DM. 10/-)	15.80
French Francs	(per FF. 10/-)	10.40
Honkong 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/-)	14.25
U. K. Pounds	(per £ 1/-)	14.00
U. S. Dollars	(per \$ 1/-)	5.80

K. GUNARATNAM
Chief Accountant.

W. M. TILAKARATNA
Deputy Governor

Circular No. 44.

Central Bank of Ceylon,
P. O. Box 590,
Colombo-1.
November 8, 1971.

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/-)	6.80
Austrian Schillings	(per Sch. 100/-)	24.20
Canadian Dollars	(per \$ 1/-)	5.80
Deutsche Marks (West Germany)	(per DM. 10/-)	17.45
French Francs	(per FF. 10/-)	10.50
Hongkong Dollars	(per \$ 10/-)	10.00
Italian Lira	(per Lira 1000/-)	9.50
Malaysian Dollars	(per \$ 10/-)	19.80
Netherlands Florins	(per Fl. 10/-)	17.50
Singapore Dollars	(per \$ 10/-)	19.80
Swiss Francs	(per Fcs. 10/-)	14.70
U. K. Pounds	(per £ 1/-)	14.60
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/-)	6.75
Austrian Schillings	(per Sch. 100/-)	24.15
Canadian Dollars	(per \$ 1/-)	5.75
Deutsche Marks (West Germany)	(per DM. 10/-)	17.40
French Francs	(per FF. 10/-)	10.45
Hongkong Dollars	(per \$ 10/-)	9.95
Italian Lira	(per Lira 1000/-)	9.45
Malaysian Dollars	(per \$ 10/-)	19.75
Netherlands Florins	(per Fl. 10/-)	17.45
Singapore Dollars	(per \$ 10/-)	19.75
Swiss Francs	(per Fcs. 10/-)	14.65
U. K. Pounds	(per £ 1/-)	14.55
U. S. Dollars	(per \$ 1/-)	5.80

K. GUNARATNAM
Chief Accountant.

W. M. TILAKARATNA
Senior Deputy Governor.

Circular No. 1
(Revised)

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
November 8, 1971.

Central Bank's Exchange Rates

(Reference: Section 74 of the Monetary Law Act)

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

	Central Bank buying rates for telegraphic transfers	Central Bank selling rates for telegraphic transfers
U. S. dollars (per 100 dollars)		
Spot ..	Rs. 595.25	Rs. 595.50
Forward upto 3 months ..	-/50 cts. per month discount against spot*	-/50 cts. per month premium against spot*
Indian Rupees (per 100 Indian Rupees)		
Spot ..	Rs. 79 1/8	Rs. 79 3/16
Forward upto 6 months ..	1/32 of a rupee per month discount against spot*	1/32 of a rupee per month premium against spot*

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

2. The Central Bank's rates for the U. K. Pound Sterling applicable to transactions with commercial banks will be subject to change from time to time. Such changes will be communicated as and when they occur.

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

4. Circular No. 41 of February 2, 1971, is hereby cancelled.

K. GUNARATNAM
Chief Accountant.

W. M. TILAKARATNA
Senior Deputy Governor.

Circular No. 2
(Revised)

Central Bank of Ceylon,
P. O. Box 590,
Colombo-1.
November 8, 1971.

Commercial Banks' Exchange Rates

(Reference: Section 76 of the Monetary Law Act)

1. The following exchange rates are applicable to transactions by commercial banks:-

	Minimum Buying Rates Clean Telegraphic Transfers	Maximum Selling Rates Clean Telegraphic Transfers
Sterling		
(a) for amounts of £100 or below	Not more than 5 cts. per £1 below the Central Bank's buying rate	Not more than 2 cts. per £1 above the Central Bank's selling rate
(b) for amounts over £100	Not more than 3 cts. per £1 below the Central Bank's buying rate.	Not more than 1.5 cts per £1 above the Central Bank's selling rate.
United States Dollars (per 100 dollars) ..	Rs. 594.50	Rs. 597.00
Indian Rupees (per 100 Indian Rupees) ..	Rs. 79 3/32	Rs. 79 7/32

2. Circular No. 42 of February 2, 1971, is hereby cancelled.

K. GUNARATNAM
Chief Accountant.

W. M. TILAKARATNA
Senior Deputy Governor.

Circular No. 1/200

Central Bank of Ceylon,
P. O. Box 590,
Colombo-1.
November 8, 1971

Central Bank's Exchange Rates for the Pound Sterling

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

	Central Bank Buying Rates for Telegraphic Transfers	Central Bank Selling Rates for Telegraphic Transfers
Sterling (£100)		
Spot	Rs. 1484 1/4	Rs. 1485 3/4
Forward upto six months	21/32 of a rupee per month discount against spot*	21/32 of a rupee per month premium against spot*

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

K. GUNARATNAM
Chief Accountant

W. M. TILAKARATNA
Senior Deputy Governor

Circular No. 45

Central Bank of Ceylon,
P. O. Box 590,
Colombo-1.
November 30, 1971.

Commercial Bank Credit

1. Commercial banks are hereby informed that with immediate effect and until March 31, 1972, they should not increase their advances to the private sector by more than 9% over the level of such advances as at October 31, 1971. The following advances to the private sector will be excluded from the ceiling requirement stipulated above:-

- (a) advances granted to Government Corporations.
- (b) Advances granted under the Government's Agricultural Credit Scheme to Co-operative Societies for the production and marketing of agricultural crops.
- (c) Advances granted against Goods Receipts in respect of Guaranteed Price Scheme purchases by the Government, and
- (d) Advances granted under the Government's Tea Factory Modernisation Project.

2. The term "Advances" for purpose of the credit ceiling refers to the following asset items of banks excluding those referred to in paragraph 1 above:-

Loans
Overdrafts
Import Bills financed and
Local Bills financed.

3. Advances to government corporations will continue to be governed by the provisions of Circular No. 33/1 dated June 13, 1969. Banks may, however, exceed the ceiling on advances to government corporations to the extent of any shortfall in advances to the private sector in terms of the present ceiling.

4. The Central Bank wishes to impress on the banks the need to comply strictly with the ceiling requirements as stipulated for the private sector and government corporations. Should any bank exceed the stipulated ceilings at any time, the Central Bank would withdraw its normal facilities for accommodation to such bank until such time as the level of advances is brought back to within the ceilings.

5. The provisions of Circulars No. 33 of May 12, 1969 and No. 33/2 of July 16, 1969, will cease to be effective with immediate effect.

A. BANDARANAYAKE
Acting Chief Accountant.

H. E. TENNEKOON
Governor.

Circular No. 46

Central Bank of Ceylon,
P. O. Box 590,
Colombo 1.
December 28, 1971,

Rates of Exchange for Purchase and Sale of Foreign Currency Notes

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

Currency		Central Bank's	
		Buying Rate	Selling Rate
		Rs. cts.	Rs. cts.
Australian Dollars	(per \$ 1/-)	6 95	7.00
Austrian Schillings	(per Sch. 100/-)	24.85	24.90
Canadian Dollars	(per \$ 1/-)	5.85	5.90
Deutsche Marks (West Germany)	(per DM. 10/-)	17.85	17.90
French Francs	(per Fl. 10/-)	11.10	11.15
Italian Lira	(per Lira 1000/-)	9.85	9.90
Malaysian Dollars	(per \$ 10/-)	20.25	20.30
Netherlands Florins	(per Fl. 10/-)	17.95	18.00
Singapore Dollars	(per \$ 10/-)	20.25	20.30
Swedish Krona	(per Kr. 10/-)	12.00	12.05
Swiss Francs	(per Fcs. 10/-)	15.00	15.05
U. K. Pounds	(per £ 1/-)	14.90	14.95
U. S. Dollars	(per \$ 1/-)	5.85	5.90

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/-)	6.90	
Austrian Schillings	(per Sch. 100/-)	24.80	
Canadian Dollars	(per \$ 1/-)	5.80	
Deutsche Marks (West Germany)	(per DM. 10/-)	17.80	
French Francs	(per FF. 10/-)	11.05	
Italian Lira	(per Lira 1000/-)	9.80	
Malaysian Dollars	(per \$ 10/-)	20.20	
Netherlands Florins	(per Fl. 10/-)	17.90	
Singapore Dollars	(per \$ 10/-)	20.20	
Swedish Krona	(per Kr. 10/-)	11.95	
Swiss Francs	(per Fcs. 10/-)	14.95	
U. K. Pounds	(per £ 1/-)	14.85	
U. S. Dollars	(per \$ 1/-)	5.80	

The rates applicable for Hongkong Dollar currency notes will be notified in due course.

A. BANDARANAYAKE
Acting Chief Accountant

H. E. TENNEKON
Governor

Circular No. 1
(Revised)

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
December 28, 1971.

Central Bank's Exchange Rates
(Reference: Section 74 of the Monetary Law Act)

1. The following exchange rates are applicable to transactions by the Central Bank with commercial banks in Ceylon with respect to the United States Dollar until further notice.

	<i>Central bank buying rates for telegraphic transfers</i>	<i>Central bank selling rates for telegraphic transfers</i>
U. S. dollars (per 100 dollars)		
Spot	Rs. 595/25	Rs. 595/50
Forward upto 3 months	-/50 cts. per month discount against spot*	-/50 cts. per month premium against spot*

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

2. The Central Bank's rates for the U. K. Pound Sterling and Indian Rupee applicable to transactions with commercial banks will be subject to change from time to time. Such changes will be communicated as and when they occur.

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

4. Circular No. 1 (Revised - November 8, 1971) is hereby cancelled.

A. BANDARANAYAKE
Acting Chief Accountant.

H. E. TENNEKOON
Governor.

Circular No. 2
(Revised)

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
December 28, 1971.

Commercial Banks' Exchange Rates
(Reference: Section 76 of the Monetary Law Act)

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

	Minimum Buying Rates <i>Clean Telegraphic Transfers</i>	Maximum Selling Rates <i>Clean Telegraphic Transfers</i>
Sterling		
(a) for amounts of £100 or below	Not more than 5 cts. per £1 below the Central Bank's buying rate.	Not more than 2 cts. per £1 above the Central Bank's selling rate.
(b) for amounts over £100	Not more than 3 cts. per £1 below the Central Bank's buying rate.	Not more than 1.5 cts. per £1 above the Central Bank's selling rate.
United States Dollars (per 100 dollars)	Rs. 594/50	Rs. 597/-
Indian Rupees (per 100 Indian Rupees)	Rs. 79 11/16	Rs. 79 13/16

2. Circular No. 2 (Revised - November 8, 1971), is hereby cancelled.

A. BANDARANAYAKE
Acting Chief Accountant.

H. E. TENNEKOON
Governor.

Circular No. 1/201

Central Bank of Ceylon,
P. O. Box 590,
Colombo - 1.
December 28, 1971.

**Central Bank's Exchange Rates
for the Pound Sterling & Indian Rupee**

The following exchange rates are applicable to transactions by the Central Bank with the commercial banks with respect to the Pound Sterling and Indian Rupee until further notice.

	<i>Central Bank Buying Rates for Telegraphic Transfers</i>	<i>Central Bank Selling Rates for Telegraphic Transfers</i>
Sterling (£ 100)		
Spot	Rs. 1516 3/8	Rs. 1517 7/8
Forward upto six months	21/32 of a rupee per month discount against spot*	21/32 of a rupee per month premium against spot*
Indian Rupees (per 100 Indian Rupees)		
Spot	Rs. 79 23/32	Rs. 79 25/32
Forward upto six months	1/32 of a rupee per month discount against spot*	1/32 of a rupee per month premium against spot*

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

A. BANDARANAYAKE
Acting Chief Accountant.

H. E. TENNEKOON
Governor.