

## **APPENDICES**

## APPENDIX I

EXTRACT OF MAJOR LEGAL ENACTMENTS OF THE NATIONAL STATE ASSEMBLY OF SRI LANKA IN 1975, WHICH RELATE TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS.

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## EXTRACTS FROM THE DECLARATION OF ASSETS AND LIABILITIES LAW, No. 1 of 1975

5. (2) The Attorney-General, the Director of Public Prosecutions, the Bribery Commissioner, the Commissioner of Inland Revenue and the Head of the Department of Exchange Control shall have the right to call for and refer to any declaration of assets and liabilities.

7. (1) Any person may, by a communication in writing signed by him and addressed to an appropriate authority, draw the attention of such authority to any recent acquisitions of wealth or property or to any recent financial or business dealings or to any recent expenditures by any person to whom this Law applies, which to the knowledge of the person making such communication is not commensurate with the known sources of wealth and income of such person to whom this Law applies.

(2) Upon receipt of a written communication under subsection (1), the appropriate authority, if he is satisfied that such communication is genuine and that the communication discloses material upon which an investigation ought to be made, shall make such investigation as may be necessary for the purpose of deciding upon all or any of the following matters:-

- (a) prosecution or other suitable action under the provisions of the Bribery Act or the law relating to Exchange Control or Inland Revenue; or
- (b) prosecution under this or any other law, and where such appropriate authority finds that a written communication received by him should be dealt with by any other appropriate authority, he may forward such communication to such other authority.

(3) Any appropriate authority, upon deciding to investigate the material in any communication received under this section, may call for and examine the declaration of assets and liabilities made under this Law, and may summon and question or cause to be summoned and questioned the person making the communication and shall cause investigations to be made and concluded as expeditiously as possible and in any case before the lapse of a period of six months from the date of the receipt of such written communication.

(6) In this section, "appropriate authority" shall mean the Attorney-General, the Director of Public Prosecutions, the Bribery Commissioner, the Commissioner of Inland Revenue, the Head of the Department of Exchange Control and the Principal Collector of Customs.

8. (1) Except in the performance of his duties under this Law, a person shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person to whom this Law applies, which may come to his

knowledge in the performance of his duties under this Law, and shall not communicate any such matter to any person other than the person to whom such matter relates, or suffer any unauthorized person to have access to any papers or records which come into his possession in the performance of his duties under this Law.

(2) Every person who is required to preserve and aid in preserving secrecy under the provisions of subsection (1) shall take and subscribe before a Justice of the Peace an oath of secrecy in such form as may be prescribed.

(3) Any person required to preserve and aid in preserving secrecy under the provisions of subsection (1) shall not be required to produce in any court any declaration of assets and liabilities or any other document relating thereto, or to divulge or communicate to any court any matter or thing coming to his notice in the performance of his duties under this Law, except as may be necessary for proceedings instituted or to be instituted under, or for the purpose of carrying into effect the provisions of, this Law or the Bribery Act, the Exchange Control Act, into the Inland Revenue Act, No. 4 of 1963, or the Customs Ordinance.

(4) Any person who contravenes the provisions of this section shall be guilty of an offence and shall, upon conviction after trial before a Magistrate, be liable to a fine not exceeding two thousand rupees or to a term of imprisonment of either description not exceeding two years or to both such fine and imprisonment.

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## EMPLOYEES' PROVIDENT FUND (SPECIAL PROVISIONS) LAW, No. 6 of 1975

A LAW TO PROVIDE FOR A UNIFORM SCHEME OF SUPERANNUATION BENEFITS FOR ALL EMPLOYEES IN THE PRIVATE SECTOR, AND FOR MATTERS INCIDENTAL THERETO OR CONNECTED THEREWITH.

1. This Law may be cited as the Employees' Provident Fund (Special Provisions) Law, No. 6 of 1975, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette* (hereinafter referred to as the "appointed date").

2. (1) No person who, on or after the appointed date, becomes an employee in any covered employment shall, for the purpose of securing any superannuation benefits, be a member of, or pay a contribution to, any provident fund, pension fund or any other superannuation fund or scheme, other than the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958.

(2) No person who, on or after the appointed date, employs any other person in any covered employment shall for the purpose of providing superannuation benefits to such employee, pay a contribution, in respect of such employee,

to any provident fund, pension fund or any other superannuation fund or scheme other than the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958.

3. No person who on or after the appointed date employs any other person in any covered employment shall establish any provident fund, pension fund or any other superannuation fund or scheme for the purpose of providing superannuation benefits to his employees.

4. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Law.

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

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

(4) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the *Gazette*.

(5) Any regulation made by the Minister shall when approved by the National State Assembly be as valid and effectual as if it were herein enacted. Notification of such approval shall be published in the *Gazette*.

5. (1) Every person who contravenes or fails to comply with any provision of this Law or any regulation made thereunder or any order or direction lawfully given under this Law shall be guilty of an offence under this Law.

(2) Every person who commits an offence under this Law shall on conviction after trial before a Magistrate be liable to imprisonment of either description for a period not exceeding six months or to a fine not exceeding one thousand rupees or to both such imprisonment and fine.

(3) Where an offence under this Law is committed by a body of persons, whether corporate or unincorporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of such body of persons, and where such body of persons is a firm every partner of that firm shall be deemed to be guilty of that offence unless he proves that the 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.

6. The provisions of this Law shall have effect notwithstanding anything contained in any other written law, award, collective agreement or other arrangement, and accordingly in the event of any conflict or inconsistency between the

provisions of this Law and such other law, award, collective agreement or other arrangement, the provisions of this Law shall prevail over such other law, award, collective agreement or other arrangement.

7. In this Law, unless the context otherwise requires, "covered employment" and "employee" shall have the same meanings respectively as in the Employees' Provident Fund Act. No. 15 of 1958.

## FOREIGN COMPANIES (SPECIAL PROVISIONS) LAW, No. 9 of 1975

A LAW TO MAKE SPECIAL PROVISIONS RELATING TO TAXES AND OTHER LEVIES IN CASES WHERE ASSETS AND LIABILITIES OF COMPANIES INCORPORATED OUTSIDE SRI LANKA ARE, IN CONSEQUENCE OF THE OPERATION OF THE COMPANIES (SPECIAL PROVISIONS) LAW, NO. 19 OF 1974, TRANSFERRED TO COMPANIES INCORPORATED IN SRI LANKA AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Law may be cited as the Foreign Companies (Special Provisions) Law, No. 9 of 1975.

2. (1) Where in consequence of the operation of the Companies (Special Provisions) Law, No. 19 of 1974, any undertaking carried on in Sri Lanka by any company registered or incorporated outside Sri Lanka (hereinafter in this Law referred to as the "foreign company") and the assets and liabilities in Sri Lanka of the foreign company in respect of that undertaking are transferred at the book value on or before the relevant date to any Sri Lanka company, and where the aggregate of—

- (a) the nominal value of the shares in the Sri Lanka company allotted, in consequence of the transfer, to the foreign company or to the foreign company and to not more than nine nominees of the foreign company each such nominee being a person holding not more than one share in trust for the foreign company; and
- (b) any capital reserve created in the Sri Lanka company in consequence of the transfer,

is not less than the excess of the book value of such assets over the book value of such liabilities, the provisions of this Law shall apply in respect of—

- (i) the foreign company and the Sri Lanka company.
- (ii) the shares allotted at the first allotment of shares made, by the Sri Lanka company to the foreign company and to the aforesaid nominees of the foreign company, in consideration of the transfer to the Sri Lanka company of the assets and liabilities of the foreign company, and
- (iii) the assets and liabilities transferred to the Sri Lanka company.

(2) For the purposes of subsection (1)— “book value” —

(a) with reference to any assets of a foreign company consisting of any one or more of the following, namely, goodwill, land, buildings, plant, machinery, fixtures, equipment, shares, debentures and securities and transferred to a Sri Lanka company —

(i) where the value of such assets is, in the opinion of the Commissioner-General of Inland Revenue, ascertainable from the balance sheet of the company for the last day of the accounting year of the company ending on any date in the calendar year 1973, means the value of those assets as ascertained from that balance sheet—

(a) after making any adjustments in respect of actual additions to or sales of, or in respect of allowances for the depreciation or loss of, such assets occurring after the date of such balance sheet and before the transfer of those assets to the Sri Lanka company, and

(b) after excluding such part of the value of those assets as are attributable to their revaluation unless the Commissioner-General of Inland Revenue has approved the inclusion of such part,

(ii) where the value of such assets is, in the opinion of the Commissioner-General of Inland Revenue, not ascertainable from such balance sheet, means an amount determined in the manner specified by such Commissioner-General;

(b) when used in relation to any such assets of the foreign company as are not specified in paragraph (a), means the value shown in the books of account of the foreign company as the value of such assets on the date of transfer of those assets to the Sri Lanka company; and

(c) when used in relation to any liabilities of the foreign company, means the amounts shown in the books of account of the foreign company as the amounts of such liabilities on the date of transfer of such liabilities to the Sri Lanka company;

“relevant date”—

(a) in the case of any foreign company which is not an “exempted company” within the meaning of the Companies (Special Provisions) Law, No. 19 of 1974, means the “appointed date” within the meaning of that Law, and

(b) in the case of a foreign company which is an “exempted company” within the meaning of the Companies (Special Provisions) Law, No. 19 of 1974, means the date on or before which the direction of exemption under that Law in respect of that company ceases to be in force.

3. Notwithstanding anything to the contrary in any other written law—

(a) the foreign company shall be exempt from the payment of stamp duty—

(i) on any instrument which is executed by, or on behalf of or in favour of, the foreign company in connection with the transfer of its business, assets and liabilities to the Sri Lanka company and on which but for the exemption granted by this provision, the foreign company would be liable to pay the stamp duty, and

(ii) on the transfer by the foreign company to any of its shareholders of any shares held in the Sri Lanka company by the foreign company if such transfer is made within twelve months after the allotment of the shares to the foreign company by the Sri Lanka company and if the shares are transferred to such shareholders in the same proportion in which such shareholders held shares in the foreign company immediately prior to such transfer; and

(b) the Sri Lanka company shall be exempt from the payment of stamp duty—

(i) on any instrument which is executed by, or on behalf of, or in favour of, the Sri Lanka company in connection with the transfer to the Sri Lanka company of the business, assets and liabilities of the foreign company and on which but for the exemption granted by this provision, the Sri Lanka company would be liable to pay the stamp duty, and

(ii) on the share certificates relating to the shares in the Sri Lanka company allotted to the foreign company and to not more than nine nominees of the foreign company each nominee holding not more than one share in trust for the foreign company.

4. The provisions of section 58 of the Finance Act, No. 11 of 1963, shall not apply to—

(a) the transfer by the foreign company of shares in the Sri Lanka company to persons who are shareholders in the foreign company if such transfer is made within twelve months after the allotment of the shares to the foreign company by the Sri Lanka company and if the shares are transferred to such shareholders in the same proportion in which such shareholders held shares in the foreign company immediately prior to such transfer, and

(b) the transfer of any share in the Sri Lanka company held in trust for the foreign company by a nominee of the foreign company to any other nominee of that foreign company to be held in trust for the foreign company.

5. The Inland Revenue Act, No. 4 of 1963, in its application to the foreign company, and to the Sri Lanka company in connection with or in relation to but only in connection with or in relation to, any matter arising out of the transfer



by the foreign company of its business, assets and liabilities in Sri Lanka to the Sri Lanka company shall have effect subject to the modifications set out hereunder, that is to say—

(A) in respect of the foreign company—

- (1) no deduction under section 10 of that Act shall be allowed in respect of any sum given by the foreign company to the Sri Lanka company for the payment of any gratuity, pension or other benefit by the Sri Lanka company to any employee for services rendered by him to the foreign company;
- (2) no account shall be taken of any capital gains or capital losses of the foreign company arising from—
  - (a) the transfer of its business and property to the Sri Lanka company, or
  - (b) the transfer by the foreign company to any of its shareholders of any shares in the Sri Lanka company if the transfer of such shares is made within twelve months after the allotment of shares to the foreign company by the Sri Lanka company and if such shares are transferred to the shareholders in the same proportion in which such shareholders held shares in the foreign company immediately prior to such transfer;
- (3) in relation to the transfer of any plant, machinery, fixtures or building to the Sri Lanka company by the foreign company such of the provisions of section 10 of that Act as ordinarily are applicable upon such transfer shall have no application to the foreign company;
- (4) the provisions of section 15 (3) of that Act shall have no application; and

(B) in respect of the Sri Lanka company—

- (1) that company shall, for the purpose of ascertaining its profits and income, be entitled to deduct—
  - (a) the preliminary expenses including conveyance expenses incurred in connection with the formation of the company;
  - (b) any sum paid to an employee as pension, gratuity or other benefit for services rendered by him to the foreign company; and
  - (c) where more than fifty *per centum* of the shares in that company are held by the foreign company or by such shareholders in the foreign company as are not citizens of Sri Lanka or by both, the expenses incurred by the Sri Lanka Company in respect of the visit to Sri Lanka once in

every year by one director of the Sri Lanka company who is not resident in Sri Lanka in connection with the production of the profits or income from the trade or business carried on by the Sri Lanka company;

(2) for the purpose of computing the capital gain or the capital loss of the Sri Lanka company arising from the change of ownership of any property previously transferred to that company by the foreign company—

(a) the value of such property at the time of its acquisition by the Sri Lanka company shall—

(i) where such property is property in respect of which a deduction for depreciation has been allowed under section 10 of that Act to the foreign company, be the amount which under sub-paragraph (xi) of paragraph (j) of subsection (4) of section 3 of that Act would have been the value of such property at the time of its acquisition by the foreign company, had the foreign company been the owner of such property immediately before the occurrence of the change of ownership, and

(ii) where such property is not any property referred to in sub-paragraph (i), be the amount which under such of the other provisions of paragraph (j) of subsection (4) of section 3 of that Act as are relevant to the case would have been the value of such property at the time of its acquisition by the foreign company, had the foreign company been the owner of such property immediately before the occurrence of the change of ownership; and

(b) any expenditure which was previously incurred by the foreign company in respect of such property and which the foreign company would have been entitled to deduct had the foreign company been the owner of such property immediately before the occurrence of the change of ownership shall be an expenditure which the Sri Lanka company shall be entitled to deduct;

(3) for the purpose of the application of the provisions of section 10 of that Act to the Sri Lanka company in relation to any such plant, machinery, fixtures or building transferred to that company by the foreign company, the Sri Lanka company and the foreign company shall be treated as one and the same company and accordingly—

- (a) no deduction under paragraph (h) of subsection (1) of section 10 of that Act for depreciation by wear and tear of any such plant, machinery or fixtures (transferred to the Sri Lanka company by the foreign company) shall be allowed to the Sri Lanka company;
  - (b) any deduction previously made under the provisions of that section by the foreign company in respect of any such plant, machinery or fixtures shall be treated as a deduction made by the Sri Lanka company;
  - (c) where the Sri Lanka company sells, discards, or otherwise disposes of, or otherwise ceases to be the owner of, such plant, machinery, fixtures or building the provisions of that section shall apply to the Sri Lanka company in respect of such plant, machinery, fixtures or building in the same manner and to the same extent as those provisions would have applied to the foreign company if the foreign company had been the owner of such plant, machinery, fixtures or building immediately before the occurrence of the sale, discard or other disposal or cessation of ownership;
  - (d) in the event of the repair or renewal by the Sri Lanka company of any such plant, machinery, fixtures or building that company shall be entitled to make in respect of the repair or renewal the same deduction the foreign company would have been entitled to make if the repair or renewal had been effected by the foreign company; and
  - (e) for the purpose of calculating the written-down value of any such plant, machinery or fixtures the cost to the Sri Lanka company of such plant, machinery or fixtures shall be the written-down value of such plant, machinery or fixtures at the time of the transfer of such plant, machinery or fixtures to the Sri Lanka company;
- (4) any loss (including any capital loss) which was incurred by the foreign company in respect of which a deduction could have been made by that company if it had not transferred its business to the Sri Lanka company shall be treated as a loss incurred by the Sri Lanka company and accordingly the Sri Lanka company shall be entitled to make in respect of that loss any deduction which the foreign company could have made under that Act had it not transferred its business:
- (5) any amount in respect of which a deduction could have been made by the foreign company under section 15 (4) of that Act if it had not transferred its business to the Sri Lanka company shall be treated as an amount in respect of which the Sri Lanka company shall be entitled to make a deduction.

6. (1) The Sri Lanka company shall be liable to do all such acts, matters and things as the foreign company would have been liable to do under any written law administered by the Commissioner-General of Inland Revenue.

(2) The Sri Lanka company shall be chargeable with, and shall be liable to pay, any tax or other dues which the foreign company is chargeable with or liable to pay under any written law administered by the Commissioner-General of Inland Revenue in respect of any period prior to the transfer of its business.

7. (1) The provisions of the Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, and of the Estates (Control of Transfer and Acquisition) Act, No. 2 of 1972, shall not apply to the transfer of ownership, made by a foreign company to a Sri Lanka company, of a tea or rubber estate within the meaning of the Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, or as the case may be, of an estate within the meaning of the Estates (Control of Transfer and Acquisition) Act, No. 2 of 1972.

(2) In this section "transfer of ownership"—

(a) in relation to a tea or rubber estate within the meaning of the Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, has the same meaning as in that Act; and

(b) in relation to an estate within the meaning of the Estates (Control of Transfer and Acquisition) Act, No. 2 of 1972, has the same meaning as in that Act.

8. For the purposes of this Law, unless the context otherwise requires,—

"Commissioner-General of Inland Revenue" means the Commissioner-General of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 4 of 1963, and includes any such Commissioner of Inland Revenue or Deputy Commissioner of Inland Revenue as is specially authorized by the Commissioner-General of Inland Revenue either generally or for some specific purpose to act on his behalf;

"Sri Lanka company" means—

(a) any company (other than a private company within the meaning of the Companies Ordinance) which is incorporated in Sri Lanka on or after June 19, 1974, or

(b) any company—

(i) which is incorporated in Sri Lanka prior to that date,

(ii) which, in the case of the transfer to it of the undertaking carried on by one foreign company, has on that date a share capital held entirely by that foreign company or by any nominee or nominees of that foreign company, and in the case of the transfer to it of undertakings carried on by two or more foreign companies, has

on that date a share capital held entirely by such foreign companies or by their nominees where the entirety of the share capital of which foreign companies is held by a company incorporated outside Sri Lanka,

- (iii) which is, on the date of transfer to it of the undertaking, not a private company within the meaning of the Companies Ordinance.

## STATE MORTGAGE AND INVESTMENT BANK LAW

No. 13 of 1975

A LAW TO PROVIDE FOR THE ESTABLISHMENT OF THE STATE MORTGAGE AND INVESTMENT BANK WITH THE OBJECT OF CARRYING ON, AMONGST OTHER ACTIVITIES, THE BUSINESS PRESENTLY CARRIED ON UNDER THE CEYLON STATE MORTGAGE BANK ORDINANCE AND THE AGRICULTURAL AND INDUSTRIAL CREDIT CORPORATION ORDINANCE, FOR THE REPEAL OF THOSE ORDINANCES AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Law may be cited as the State Mortgage and Investment Bank Law, No. 13 of 1975, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette* (in this Law referred to as the "appointed date").

### PART I

#### ESTABLISHMENT

2. (1) There shall be established a bank which shall be called the State Mortgage and Investment 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 3.

(2) The purpose of the Bank shall be to assist in the development of agriculture, industry and housing, by providing financial and other assistance in accordance with the provisions of this Law.

(3) The Bank shall be a body corporate having perpetual succession and a common seal and shall under the above-mentioned name be capable of suing and being sued; and shall subject to the provisions of this Law be capable of acquiring, holding, and alienating property movable and immovable and of doing all such acts and things as bodies incorporate may do and perform.

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

4. The head office of the Bank shall be in Colombo. Such branch offices of the Bank as the Board considers necessary may be established by the Board.

5. The Bank shall be conducted and managed in accordance with the provisions of this Law to the exclusion of the provisions of the Companies Ordinance and any other law specially governing banks.

6. Subject to the provisions of this Law, the Bank is authorized to carry on and transact the several kinds of business specified in section 31.

## PART II

### MANAGEMENT

#### BOARD OF DIRECTORS

7. The general supervision, control and administration of the affairs and business of the Bank shall be entrusted to a Board of Directors (hereinafter referred to as the "Board"), consisting of five fit and proper persons appointed by the Minister. One of the persons so appointed shall be a representative of the Ministry in charge of the subject of Agriculture and Lands.

8. The Board may exercise all such powers and do all such acts and things as may be necessary for carrying on the business of the Bank.

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

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

11. A director may be remunerated out of the funds of the Bank in such manner and at such rates as the Minister may determine.

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

(2) No person shall be appointed to the office of director who-

(a) has been adjudicated an insolvent; or

(b) is of unsound mind or has been convicted of an offence and sentenced to imprisonment without the option of a fine.

(3) A person appointed to the office of director shall become disqualified to retain his office and shall *ipso facto* cease to be a director if-

(a) he is adjudicated an insolvent, or assigns his estate for the benefit of his creditors, or enters into a deed of arrangement with his creditors or makes an assignment of his remuneration for their benefit; or

(b) he is of unsound mind or is convicted of an offence and sentenced to imprisonment without the option of a fine; or

(c) he is absent without leave from the Minister from all the meetings of the Board during any three consecutive months:

Provided that a director becoming disqualified to retain his office and *ipso facto* ceasing to be a director under paragraph (c) shall not thereby be deemed ineligible for reappointment.

(4) No member of the National State Assembly shall be appointed to or retain the office of director.

13. (1) When a director ceases to hold office by reason of the expiry of the period for which he was appointed, the Minister shall make a new appointment. The retiring director shall be eligible for reappointment if not otherwise disqualified.

(2) If a director ceases to hold office before the expiry of the period for which he was appointed, the Minister shall make a new appointment for the remainder of the period for which such director would have held office.

(3) Where a director is granted leave of absence the Minister may make a new appointment for the period for which such director is granted leave.

14. (1) The Minister shall appoint from among the directors the Chairman of the Board. The Chairman shall preside at every meeting of the Board at which he is present and shall have a second or casting vote in all cases of an equality of votes. In the absence of the Chairman, the directors present at a meeting shall choose one of their number to preside who shall for that meeting have all the powers of the Chairman including the right to a casting vote.

(2) Where a director who has been appointed the Chairman of the Board, is granted leave of absence for any period, the Minister shall make a new appointment, from among the directors, of a Chairman for that period.

15. (1) A meeting of the Board shall be held at least once a month or oftener if the Chairman deems it necessary.

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

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

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

16. Three members shall constitute a quorum at any meeting of the Board and all acts authorized or required to be done by the Board shall be decided by a majority of directors present and voting at a meeting at which a quorum is present:

Provided that when only three members are present no loan exceeding twenty-five thousand rupees shall be sanctioned except by a unanimous resolution.

17. A director who, or whose spouse or dependant 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.

18. Minutes of the proceedings of every meeting of the Board shall be regularly drawn up and fairly entered in books to be kept for the purpose, and the books shall be so kept as to show properly tabulated details of the business transacted at such meeting. The minutes of the proceedings of each meeting shall be submitted at the next ensuing meeting, and if they are then passed as correct they shall be confirmed by the signature of the person presiding thereat, and shall thereafter be *prima facie* evidence of the proceedings of which they are a record.

19. 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.

#### OFFICERS OF THE BANK

20. (1) The Board shall appoint a General Manager to the staff of the Bank on such salary and with such allowances as may be fixed by the Board.

(2) The General Manager shall be the chief executive officer of the Bank, and all acts which are directed by this Law 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.

(3) The General Manager shall function as the Secretary to the Board and shall attend and take part in every meeting of the Board unless the Board otherwise directs, but he shall have no right to vote.

21. For the purpose of carrying out the provisions of this Law, the Board may appoint such employees as the Board considers necessary. The Board may also, from time to time, fix and alter the salaries and allowances of such employees.

22. 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 advisers and a panel of valuers to the Bank, and such persons shall be remunerated in accordance with such scale of fees as may be prescribed.

23. The Board may appoint any bank or any person as its agent in Sri Lanka or elsewhere to do any act on its behalf which it is authorized to delegate to another and it may enter into an agreement with such agent as to the duties to be performed and the remuneration therefor.



GENERAL

24. Every employee of the Bank other than a member of any class of employees exempted by the Board, shall furnish security to the satisfaction of the Board for the due and faithful performance of his duties.

25. No director and no employee of the Bank shall be liable either civilly or criminally, in respect of anything which he may have done or may have omitted to do when acting in good faith in pursuance or in supposed pursuance of his powers under this Law.

26. Every director, General Manager, auditor, secretary, adviser or other employee 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 and losses expenses as the Board may deem to have been occasioned by his misconduct or wilful default.

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

28. No loan shall be granted by the Bank to any director or employee of the Bank or to the spouse or a dependent child of a director or employee or to any company or firm in which a director or employee has a substantial interest:

Provided however that the Bank may grant to its employees loans for the purchase of any land for the construction of a dwelling house or for the purchase, construction, repair, renovation or any extension to a dwelling house.

For the purposes of this section "substantial interest"—

- (a) when used in relation to a company, means the holding of a beneficial interest by an individual or his spouse or dependent child whether singly or taken together, in the shares thereof, the amount paid up on which exceeds five lakhs of rupees or five *per centum* of the paid-up capital of the company, whichever is less; and
- (b) when used in relation to a firm, means the beneficial interest held therein by an individual or his spouse or his dependent child, whether singly or taken together, which represents more than five *per centum* of the total capital subscribed by all partners of the firm.

29. Every director, General Manager, auditor, secretary, adviser, employee, 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 Law or any other law.

30. Every director, General Manager, auditor, secretary, adviser, and other employee of the Bank shall decline to answer any questions 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, except in circumstances specified in the preceding section.

### PART III

#### BUSINESS

31. (1) Subject to the provisions of this Law, the Bank is authorized to carry on and transact the several kinds of business hereinafter specified, namely—

- (a) to grant loans, subject to interest, to any person for the purpose of—
  - (i) the purchase or lease, or the cultivation, development or improvement of any land used, or to be used, for any agricultural or industrial purpose;
  - (ii) the purchase or lease, or the construction, repair or renewal, of any building, factory, mill, mine, machinery or equipment used, or to be used, in connection with any agricultural or industrial purpose;
  - (iii) the purchase or lease of any land for the construction of a dwelling house;
  - (iv) the construction, repair, renovation or extension of a dwelling house;
  - (v) the purchase or lease of a dwelling house;
  - (vi) the manufacture or preparation of any agricultural or industrial product or commodity for sale in the market;
  - (vii) any purpose incidental, accessory or ancillary to any purpose mentioned in any of the foregoing sub-paragraphs;
  - (viii) the liquidation of any debt already incurred for any purpose mentioned in any of the foregoing sub-paragraphs;

- (b) to grant loans of money, subject to interest, to any person for the purpose of conducting any agricultural or industrial business or for the settlement of debts incurred under any mortgage provided such mortgage has been to secure a loan raised for a purpose falling within the purview of the Bank;
- (c) to grant loans of money to any person for the purpose of carrying out any scheme approved by the Minister for the development of agriculture or industry;
- (d) to carry on the business of hire-purchase in machinery, and equipment used in agriculture or industry;
- (e) to manage, supervise or control, with or without remuneration, or to participate in the management, supervision or control, with or without remuneration, of any agricultural or industrial undertaking of any client of the Bank where such management, supervision or control, or such participation therein, appears to the Board to be necessary in order to protect the interests of the Bank in any loan granted by the Bank;
- (f) to act, with or without remuneration, as the technical adviser of any client of the Bank, on any matter relating to any agricultural or industrial undertaking of such client;
- (g) for the purpose of employing any surplus funds of the Bank, to buy, sell, invest or deal in stocks, shares, debentures, mortgages, bonds, or securities issued or guaranteed by the Government or the Central Bank;
- (h) to make arrangements for the insurance of any property mortgaged to the Bank by any client of the Bank;
- (i) to purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property, and any rights or privileges which the Bank may think necessary or convenient with reference to any business which the Bank is authorized to carry on, or the acquisition of which the Bank may, deem to be necessary or advisable in order to facilitate the realization of any securities held by the Bank, or to prevent or diminish any apprehended loss or liability;
- (j) to establish and support, or aid in the establishment and support of, associations, institutions, trusts or schemes for the providing of pensions and of gratuities and other funds and conveniences calculated to benefit employees of the Bank or the dependants of such employees;
- (k) to improve, manage, develop, exchange, lease, mortgage, dispose of, sell, turn to account or otherwise deal with, all or any part of the property, and rights of the Bank, including any property, movable or immovable, on the security of which the Bank may have given any loan, or over which the Bank may have any power of disposal;

- (l) to give any guarantee or indemnity and to enter into any agreements with any foreign organization, the Government or any local authority or with any body corporate or other person, in order to obtain any rights, concessions and privileges that may seem to the Bank to be conducive to the purpose of the Bank;
- (m) to borrow or accept deposits from the Government or such institutions as are approved for the purpose by the Monetary Board of the Central Bank, on such terms and conditions as may be mutually agreed upon by them so however that the aggregate amount so borrowed and accepted as deposits at any time does not exceed the maximum limit imposed by the Minister;
- (n) to accept contributions from the Government towards the reserve fund of the Bank, subject to such terms and conditions as may be mutually agreed upon by them;
- (o) to accept term deposits from any person of such sizable minimum amount and for such periods as may be determined by the Board with the concurrence of the Minister;
- (p) to invest the funds of the Bank in the shares, debentures or other appropriate securities of public or private companies engaged in agriculture or industry;
- (q) to underwrite such shares, debentures, or other appropriate securities;
- (r) to sell in the market from the Bank's portfolio of investments;
- (s) to finance projects in association or in partnership with other banks and such other institutions as may be approved by the Minister from time to time;
- (t) to act as the agent of any client of the Bank, or any other person, for the purpose of the purchase of any machinery or equipment or of any material of any description, required for the purpose of any agricultural or other prescribed undertaking of such client, or other person, as the case may be;
- (u) to acquire and undertake the whole or any part of any business carried on in Sri Lanka by any person, being a business which the Bank is authorized to carry on;
- (v) to establish and maintain any institute, or to participate in any scheme for the provision of technical, financial and management services;
- (w) to conduct economic surveys, studies and seminars;
- (x) to train selected personnel of the Bank and other persons in accountancy, banking and valuation, project and credit appraisal, and engineering and scientific skills;

- (y) generally to take, or concur in taking, all such steps and proceeding as the Bank may deem to be best calculated to uphold and support the credit of the Bank, and to do all things incidental or conducive to the attainment of the objects, or the exercise of the powers, set out in the preceding paragraphs; and
- (z) to set up the necessary organization for selling or marketing any prouduct of any agricultural or other prescribed undertaking.

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

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

32. (1) No loan shall be granted except by a resolution of the Board and except on such terms and conditions as may be determined by the Board:

Provided, however, that the Board may, under section 20 (2), empower the General Manager to grant loans upto any such sum as may be determined by the Board.

(2) All loans granted by the General Manager under the provisions of this section shall be reported to the Board at its next meeting.

33. At any time after the approval of a loan and before the actual payment of the money, the Board may, at its discretion and without assigning any reason therefore, cancel or modify such approval and withhold payment of the whole or a portion of the money.

34. (1) The Board may call upon any person to whom a loan has been granted to satisfy the Board that the loan has been or is being applied for the purpose for which it was granted, and the person so called upon may adduce evidence before any director or any other person appointed in writing for the purpose, to prove that the loan has been or is being applied for such purpose.

(2) If the Board is not satisfied that the loan has been or is being applied for the purpose for which it was granted it may by an order direct that within the time named therein either the loan be repaid in full with interest or a sum equal to the loan be applied for the said purpose.

(3) Where an order made by the Board under subsection (2) is not complied with, default shall be deemed to be made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date, and the provisions of Part V of this Law shall apply accordingly.

35. (1) If at any time after the granting of a loan the Board to satisfied—

- (a) that, where the loan has been granted on the mortgage of property—
  - (i) the property has depreciated in value to such an extent as to endanger the safety of the loan, or
  - (ii) the title of the borrower is such that it ought not to have been accepted as adequate; or
- (b) that due to material mis-statements by the borrower or misapprehension of the actual facts by the Board the loan was granted in circumstances in which it would not have been granted if the true facts had been known; or
- (c) in any case where the loan has been secured by a mortgage of the interest of the borrower under a lease from the State, that the State intends to cancel or otherwise determine the lease; or
- (d) that the borrower has failed to comply with, or has contravened, the terms of any loan agreements;

the Board may issue an order, for compliance on or before a date to be specified in the order, requiring either additional security which is adequate in the opinion of the Board to be furnished in respect of that loan or the loan to be repaid either in full or in part.

(2) Where an order issued under subsection (1) is not complied with, default shall be deemed to be made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date, and the provisions of Part V of this Law shall apply accordingly.

36. The Board may accept new security in lieu of the whole or part of any security it has already accepted for a loan, if the security tendered in substitution is such that the Board would be entitled to accept it alone or together with the portion of the old security which is to remain, as the case may be, as security for a new loan equal to the total principal and interest still outstanding on account of the old loan.

## PART IV

### FINANCE

37. (1) The authorized capital of the Bank shall be two hundred million rupees.

(2) (a) The amounts outstanding on the appointed date of the sums advanced to the Agricultural and Industrial Credit Corporation in terms of section 22 (1) of the Agricultural and Industrial Credit Corporation Ordinance together with the amount of the reserves of the Agricultural and Industrial Credit Corporation and the amount standing to the credit of the Reserve Fund of the

Ceylon State Mortgage Bank on the appointed date shall form part of the capital of the Bank and all such amounts shall be deemed to be contributions to the capital of the Bank by the Government.

(b) The Government shall, as soon as may be after the appointed date, make a contribution to the capital of the Bank so that the amount of such contribution together with the amounts referred to in paragraph (a) of this subsection shall be fifty million rupees. Such contribution by the Government shall be a charge on the Consolidated Fund.

(3) The bank may, from time to time, raise such sums of money as further contributions to the capital of the Bank in such manner as the Bank deems fit from the Government or any other source whatsoever in or outside the Republic of Sri Lanka and where such sums of money are raised from the Government, they shall be a charge on the Consolidated Fund.

(4) The Bank may from time to time borrow from the Government, from the Central Bank, from any banking institution, from any foreign Government or from any other source whatsoever outside the Republic of Sri Lanka any sum of money on such terms and conditions as may be mutually determined.

(5) No contributions or borrowings from any foreign government or any other source outside the Republic of Sri Lanka under subsections (3) and (4) may be raised or made without the approval of the Minister.

38. (1) The Board may create and issue debentures, stocks, shares and securities for the purpose of carrying on the business of the Bank.

(2) Such debentures, stocks, shares and securities shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms and conditions as may be determined by the Board with the approval of the Minister.

39. No stamp duty shall be payable in respect of any debentures, stocks, shares and securities issued under this Law or in respect of any instrument of transfer of any such debentures, stocks, shares and securities.

40. Should the funds of the Bank be insufficient to pay the interest and principal on debentures, stocks, shares and securities, such interest and principal shall be paid from the Consolidated Fund upon which they are hereby constituted a charge.

41. (1) The Government may guarantee the repayment of the principal and the payment of interest on any loan raised by the Bank from any foreign Government or any other source under this Part of this Law.

(2) Immediately after the guarantee is given under subsection (1) the Minister shall lay a statement of such guarantee before the National State Assembly.

(3) Where any sum is paid out of the Consolidated Fund in terms of the preceding section, the Minister shall forthwith lay before the National State Assembly a statement that such sum has been so paid.

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

43. In the case of any borrowing by the Bank from the foreign Governments or other sources outside the Republic of Sri Lanka, the Bank shall bear any loss or be entitled to any profit arising from any revaluation of the Sri Lanka rupee:

Provided that where such borrowing are guaranteed by the Government Government shall bear any loss or be entitled to any profit.

44. The Bank may accept payment in respect of a loan before the date on which such payment is due, on such terms and conditions as the Bank may agree.

45. (1) All sums of money received by the Bank or the Board—

- (a) as contribution towards the capital of the Bank;
- (b) in carrying out the purposes of the Bank;
- (c) in exercising and performing the powers and duties of the Bank or such Board;
- (d) in conducting the business and administration of the Bank;

shall be credited to the funds of the Bank.

(2) All financial commitments or liabilities of the Bank or the Board arising from or incurred in connection with—

- (a) carrying out the purposes of the Bank;
  - (b) the exercise and performance of the powers and duties of the Bank or such Board; and
  - (c) the conduct of the business and administration of the Bank,
- shall be charged on the funds of the Bank.

46. The profits of the Bank shall be utilized for all or any of the purposes specified in section 10 of the Finance Act, No. 38 of 1971.



## PART V

### RECOVERY

47. Whenever default is made in the payment of any sum due on any loan, whether on account of principal or of interest or of both, default shall be deemed to have been made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date; and the Board may, in its discretion, take action as specified either in section 48 or in section 50:

Provided, however, that where the Board has in any case taken action, or commenced to take action, in accordance with section 48, nothing shall be deemed to prevent the Board at any time from subsequently taking action in the case by resolution under section 50 if the Board deems it advisable or necessary to do so.

48. (1) Subject to the provisions of section 51, the Board may by resolution to be recorded in writing authorize any person specified in the resolution to enter upon any immovable property mortgaged to the Bank as security for any loan in respect of which default has been made or where the terms of any loan agreements are contravened in respect of such property, to take possession of and to manage and maintain such property, and to exercise the same powers in the control and management of such property as might have been exercised by the mortgagor if he had not made default, or contravened the terms of such agreement.

(2) Whenever any sum of money due on any loan granted for any agricultural or industrial undertaking on the security of any plant, machinery or other movable property to the Bank is in default, or where the terms of any loan agreements are contravened in respect of such property, the Board may authorize any person specified in writing to enter and take possession of such agricultural or industrial undertaking in which such plant, machinery or other movable property is situate, and exercise the same power in the control and management of such undertaking as might have been exercised if such immovable property had been pledged or mortgaged.

49. (1) Any person authorized by resolution of the Board under section 48 in respect of any property shall be entitled generally to take action in terms of the resolution and in particular—

- (a) to sell the produce of such property;
- (b) to sell the goods manufactured wholly or partly from any plant or machinery, on the security of which any loan was granted, if default has been made in respect of such loan;
- (c) to receive the rents, profits or other income from such property;
- (d) to pay the expenses incurred in the control and management of such property out of the income from such property;

- (e) to appropriate to himself out of such income such sum (if any) as the Board may deem fit to fix as remuneration for his services;
  - (f) to remain in possession of such property until all moneys due to the Bank under the mortgage on such property have been fully paid or until he is directed by the Board to yield possession of such property under such section (2).
- (2) Every person authorized by resolution of the Board under section 48 in respect of any property shall—
- (a) pay monthly, out of the income of such property such sum (if any) as the Board may in its discretion fix, to the mortgagor for his maintenance;
  - (b) pay quarterly or as otherwise directed by the Board to such person or persons and in such manner as the Board may direct the balance of the income for such property remaining after the payments herein before authorized have been made;
  - (c) keep and render to the Board at such intervals as the Board may determine, clear and accurate records of all sums received or paid out by him in respect of such property;
  - (d) yield possession of such property to the mortgagor or some other person as directed by the Board and pay to the Board any balance of the income from such property remaining in his hands after the payments herein before authorized have been made.
- (3) The Board shall when all sums due to the Bank under the mortgage have been fully paid surrender possession of the mortgaged property to the mortgagor and return to him any balance remaining of the income from such property.
50. Subject to the provisions of section 51, the Board may by resolution to be recorded in writing authorize any person specified in the resolution to sell by public auction any immovable or movable property mortgaged to the Bank as security for any loan in respect of which default has been made in order to recover the whole of the unpaid portion of such loan, and the interest due thereon up to the date of the sale, together with the moneys and costs recoverable under section 57, and thereafter it shall not be competent for the borrower or any person claiming through or under any disposition whatsoever of the right, title or interest of the borrower to and in the property made or registered subsequent to the date of the mortgage to the Bank, in any court to move to invalidate the said resolution for any cause whatsoever, and no court shall entertain any such application.
51. (1) Save as otherwise provided in subsection (2), the provisions of sections 48 and 50 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 the voluntary conveyance or operation of law to any other person.

(2) Where a borrower is dead and probate of his will or letters of administration to his estate have not been issued to any person, the District Court of Colombo or the District Court of the district in which the property, mortgaged to the Bank by the borrower, is situate, may, upon application made in that behalf by the Board and after service of notice of the application on such persons, if any, as the court may order, and if satisfied that the grant of probate or the issue of letters of administration is likely to be unduly delayed, appoint a person to represent the estate of the borrower for the purposes of this section; and the provisions of sections 48 and 50 shall not apply in the case of any default made by such borrower unless and until a person is appointed under this subsection to represent the estate of such borrower.

52. Notice of every resolution under section 50 authorizing the sale of any property shall be published in the *Gazette* and in a daily newspaper, 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 section 84 (1), and, if that property consists of the interest of a lessee under a lease from the State, to the Land Commissioner.

53. 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—

- (a) despatched to the borrower, if he is alive, and to every person to whom notice of any resolution is required to be despatched under section 52;
- (b) posted on or near the property which is to be sold; and
- (c) affixed to the walls of the Kachcheri and the several District Courts and Magistrates' Courts within the jurisdiction of which the property is situate.

54. (1) If the amount of the whole of the unpaid portion of the loan, together with interest including any penal or other interest payable under the proviso to section 76 due thereon, and of the moneys and costs, if any, recoverable by the Board under section 57 is tendered to the Board 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 section 50 for the sale of that property.

(2) If the amount of the instalment or equated payment or other payment in respect of which default has been made, together with any penal or other interest payable under the the proviso to section 76 due thereon, and of the moneys and costs, if any, recoverable by the Board under the section 57 is tendered to the Board at any time before the date fixed for the sale, the Bank 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 section 50 for the sale of that property.

55. The Board may fix an upset price below which the property shall not be sold to any person other than the Bank.

56. (1) 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 any one or more of such loans, the foregoing provisions of this Law shall apply notwithstanding that default may not have been made in respect of the other loan or any of the other loans, and the Board may, in any such case, by resolution under section 50 authorize the sale of the property for the recovery of the total amount due to the Bank in respect of both or all of the loans, as the case may be, and the provisions of this Part of this Law shall apply accordingly.

(2) Nothing in sections 47 to 62 (both sections inclusive) shall preclude the Board from recovering the amount due on a mortgage bond in accordance with the provisions of any other written law.

57. Besides the amount due on any loan, the Board 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 person to whom the loan was granted, in the payment of premiums and other charges in respect of any 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 such mortgage bond and executed by the debtor;
- (b) the costs of advertising the sale and of selling the mortgaged property; 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 State, and such property has been surrendered to the State in accordance with the provisions of section 63, all moneys paid to the State by the Board on such surrender as moneys due to the State by the debtor under the said lease:

Provide that the costs incurred under paragraph (b) shall not exceed such percentage of the loan as may, from time to time, be fixed by resolution of the Board.

58. If the mortgaged property is sold, the Bank shall, after deducting from the proceeds of the sale the amount due on the mortgage and the moneys and costs recoverable under section 57, pay the balance remaining, if any, either to the debtor or any person legally entitled to accept the payments due to the debtor, or where the Board is in doubt as to whom the money should be paid, in to the District Court of the district in which the mortgaged property is situate.

59. (1) If the mortgaged property is sold, the Board 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; and thereafter it shall not be competent for any person claiming through or under any disposition, whatsoever, of the right, title or interest of the debtor to and in the property, made or

registered subsequent to the date of the mortgage of the property to the Bank, in any court 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 Board under subsection (1) shall be conclusive proof, with respect to the sale of any property, that all the provisions of this Law relating to the sale of that property have been complied with.

(3) If the purchaser is some person other than the Bank, the certificate shall be substantially in the prescribed form and, if the purchaser is the Bank, the certificate shall be substantially in such other form as may be prescribed.

(4) Every certificate of sale shall be liable to stamp duty and charges as if it were a conveyance of immovable property and to any registration and 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 State, then, if the purchaser of the property is some person other than the Bank, the certificate of sale shall not be signed by the Board unless the Land Commissioner, in the exercise of his discretion, has approved the purchaser.

6. Whenever the Land Commissioner refuses, under subsection (5), to approve any purchaser of the interest of a lessee under a lease from the State—

- (a) all sums paid to the Bank by the purchaser in respect of the sale shall be repaid to him by the Board;
- (b) the costs of advertising and holding such sale shall be deemed to be costs recoverable by the Board under section 57; and
- (c) the property shall be resold in accordance with the provisions of this Law.

60. (1) The purchaser of any immovable property sold in pursuance of the preceding provisions of this Law shall, upon application made to the District Court of Colombo or the District Court having jurisdiction over the place where that property is situate, and upon production of the certificate of sale issued in respect of that property under section 59, be entitled to obtain an order for delivery of possession of that property.

(2) Every application under subsection (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 purpose 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 application for, and proceedings connected with or incidental to, the execution of a decree of a District Court for the delivery of possession of any immovable property of the same value as the property to which such application relates.

(3) Where any immovable property sold in pursuance of the preceding provisions of this Law is in the occupancy of the debtor or 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 any immovable property sold in pursuance of the preceding provisions of this Law is in the occupancy of 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 and Tamil and English languages, in some conspicuous place on the property, and proclaiming to the occupant in the customary mode or in such manner as the court may direct, 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 subsection (3) or subsection (4) shall be deemed, as the case may be, to be an order for delivery of possession made under section 287 or 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.

61. Where the property sold has been purchased on behalf of the Bank, the Board may at any time before it resells that property, cancel the sale by an endorsement to that effect on a certified copy of the certificate of sale, upon the debtor or any person on his behalf paying 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 the prescribed rate per annum. Such an endorsement shall, upon registration in the office of the Registrar of Lands, revert the said property in the debtor as though the sale under this Law had never been made.

62. If the property so sold has been purchased on behalf of the Bank, and the sale is not cancelled under section 61, 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 subsection (3) of section 59, all the right, title and interest which would have been acquired by the purchaser at the original sale. The endorsement shall be liable to the same stamp duty and charges as a certificate to a purchaser at the original sale, and shall, when it is registered in the office of the Registrar of Lands, vest such right, title and interest as aforesaid in the purchaser.

63. If at any sale in pursuance of the preceding provisions of this Law, 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 it is necessary to enable the Bank 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 State, the Board may, instead of reselling such property, surrender the lease to the State on such terms and conditions as may be agreed upon between the Board, the Minister and the Minister in charge of the subject of State lands.

64. 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 State, means the right, title and interest of the lessee under the lease.

## PART VI

### ACCOUNTS AND AUDIT

65. (1) The financial year of the Bank shall be the calendar year.

(2) The provisions of Part II of the Finance Act, No. 38 of 1971, shall, *mutatis mutandis*, apply to the financial control and accounts of the Bank.

## PART VII

### GENERAL

66. (1) The common seal of the Bank shall be in the custody of the General Manager and shall not be affixed to any instrument or document except in the presence of the General Manager and two directors, all of whom shall sign the instrument or document in token of their presence.

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

67. The provisions of the Debt Conciliation Ordinance (Chapter 81), the Conciliation Boards Act, No. 10 of 1958, and Money Lending Ordinance (Chapter 80) shall not apply to, and in relation to, the Bank; and accordingly such provisions shall be read and construed subject to the preceding provisions of this Law.

68. The Bank shall be deemed to be a banking institution within the meaning and for the the purposes of the Monetary Law Act and the provisions of that Act shall be read and construed accordingly.

69. 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.

70. (1) Contracts on behalf of the Bank may be made as 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 Bank in writing under the common seal of the Bank;

(b) a contract which if made between private persons is by law required to be in writing signed by the parties to be charged therewith, may be made on behalf of the Bank in writing signed by any person or persons duly authorized thereto as hereinafter provided; and

(c) a contract which if made between private persons would by law be valid although made by parol, may be made on behalf of the Bank by any person or persons duly authorized thereto as hereinafter provided.

(2) A contract made according to this section shall be effectual in law and shall bind the Bank and all other parties thereto and their legal representatives.

(3) A contract made according to this section may be varied or discharged in the same manner in which it is authorized by this section to be made.

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

72. No person, other than the persons thereto expressly authorized by the Board and acting within the limits of the authority so conferred on them, shall have any authority to make, draw, accept or endorse any promissory note, bill of exchange, cheque or order for the payment of money in the name or on behalf of the Bank or to enter into any contract so as to impose thereby any liability on the Bank otherwise to pledge the credit of the Bank.

73. (1) The Board may, by writing under its common seal, empower any person generally or in respect of any specific matter, as its attorney, to execute deeds on its behalf in any place outside the Republic of Sri Lanka.

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

74. (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 Law to be prescribed or for which rules are authorized to be made by this Law;
- (b) the appointment, promotion, remuneration, disciplinary control and conduct of the employees of the Bank and the grant of leave, relief and other matters connected therewith;
- (c) the payment from the funds of the Bank of remuneration, (including allowances for travelling and subsistence) to its employees or other persons performing services for the Bank;
- (d) the issue, registration, transfer, redemption and cancellation of debentures and all matters incidental to or consequential upon such issue, registration, transfer, redemption or cancellation;



- (e) the forms to be used for any of the purposes of this Law;
- (f) the maximum limit of loans granted by the Bank on the mortgage of movable and immovable property;
- (g) the circumstances in which such loans may be granted or refused;
- (h) the amount, the manner of payment of interest and repayment of capital, in respect of such loans;
- (i) the minimum rate of the interest to be charged on loans;
- (j) the rates of penal interest, the circumstances in which the same shall be charged and other matters connected therewith;
- (k) all other matters not herein before mentioned concerning the business of the Bank;
- (l) 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 State Mortgage Bank or the Board of Directors of the Agricultural and Industrial Credit Corporation;
- (m) all matters connected with or incidental to the matters aforesaid.

(2) No rule made by the Board shall have effect until it has been approved by the Minister and published in the *Gazette*.

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

(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 National State Assembly as soon as may be, after the publication thereof by a motion, that such regulation be approved.

(4) Any regulation which the National State Assembly 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 National State Assembly 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*.

76. Any instrument to secure a loan by the Bank may provide that if the borrower fails or neglects to pay, on the due date, the instalment and interest or to make the equated or other payment, as the case may be, then due in respect of the loan, then interest shall be payable on the loan at such rate in excess of that at which the loan as been granted as may be prescribed by the rules under section 74:

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

77. Whenever the Bank grants a loan, on the security of movable or immovable property and the mortgagor executes any instrument of sale or any other disposition affecting the said property, the Bank shall have the power to recall the loan granted, or charge such new owner, the current rate of interest, and for this purpose require the new owner to enter into any agreement as may be deemed necessary.

78. 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 authority, and the officers of every such authority shall, upon application, submit to the Bank full particulars as to any valuation of rateable property in respect of which such local authority has power to levy rate.

79. Every director, and every employee of the Bank, including an agent, valuator and inspector shall, when acting in any such capacity, be deemed to be state officers within the meaning of the Penal Code.

80. Sections 58 and 59 of the Monetary Law Act shall apply to debentures issued by the Bank as if therewere substituted in those section —

- (a) the word "debenture" for the words "currency note"; and
- (b) the word "directors" for the words "Governor of the Central Bank".

81. (1) Whoever, during any examination authorized by this Law, makes upon oath a statement which is false, and which he either knows or believes to be false, or does not believe to be true, shall be deemed to have intentionally give false evidence in a stage of a judicial proceeding and shall be punished therefor in accordance with the Penal Code.

(2) Whoever makes a declaration required by this Law or rules thereunder knowing it to be untrue in any particular shall be guilty of giving false evidence and shall be punished therefor in accordance with the Penal Code.

82. (1) A director who participates in the discussion of, or votes upon, any resolution for the granting of a loan,—

- (a) to a person who is a debtor or a creditor of his or is in partnership with him or in his employ; or
- (b) on the security of any property in which he has a pecuniary interest, shall be liable, on conviction, to a fine not exceeding five thousand rupees, or in default of payment, to imprisonment of either description for a period not exceeding three months.

(2) A person who acts as valuer in respect of an application for a loan—

- (a) by a person to whom he stands in any of the relationships set out in subsection (1); or
- (b) on the security in which he has a pecuniary interest,

shall be liable to a fine of five hundred rupees.

83. (1) Any person who contravenes or fails to comply with any provision of this Law or of any regulation or rule made thereunder, shall be guilty of an offence and shall, on conviction after trial before a Magistrate, be liable to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding one year, or to both such fine and imprisonment.

(2) Where an offence under this Law 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 person is a firm, every partner of that firm,
- shall be deemed to be guilty of that offence:

Provided, however, that a director or 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.

84. (1) Every debenture holder and every person —

- (a) to whom a loan is granted by the Bank; or
- (b) who has obtained probate of the will, or letters of administration to the estate of a person to whom a loan has been granted by the Bank, or who has, under the provisions of section 51 (2), been appointed to represent the estate of a deceased debtor; or
- (c) to whom any right, title or interest whatsoever in any property, or in any part of any property, mortgaged to the 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) In any case where any debenture holder or other person fails to register his address under subsection (1), the Bank shall be absolved from all responsibility in respect of the service of any notice required under this Law to be served upon such debenture holder or person ;

Provided, however, that in the case of any such failure on the part of any person who is a debenture holder or person to whom a loan has been granted by the Bank, the Bank shall publish a notice addressed to him in the *Gazette* and in a daily newspaper, and such notice shall be deemed to be duly given to that debenture holder or person on the day on which such notice is published.

(3) A notice shall be deemed to have been duly served on any person for the purposes of this Law if the notice is sent by post in a registered letter to the address registered by that person under this 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.

85. (1) The Ceylon State Mortgage Bank Ordinance and the Agricultural and Industrial Credit Corporation Ordinance are hereby repealed with effect from such date after the date of the commencement of business by the Bank as may be fixed for the purpose of this Law by the Minister by Order published in the *Gazette*.

(2) With effect from the date of the repeal of the Ordinances specified in subsection (1) —

- (a) the rights, obligations, assets and liabilities of the Ceylon State Mortgage Bank and the Agricultural and Industrial Credit Corporation on the date immediately preceding that date shall be the rights, obligations, assets and liabilities of the Bank;
- (b) every investment made in the name of the Board of Directors of the Ceylon State Mortgage Bank or in the name of the Board of Directors of the Agricultural and Industrial Credit Corporation shall be deemed to be investments made by the Bank under this Law;
- (c) all premises vested in the Ceylon State Mortgage Bank under the provisions of Chapter VA of the Ceylon State Mortgage Bank Ordinance, as amended by Act No. 33 of 1968, and let out under the provisions of section 70Y thereof shall be and remain the property of the Bank subject to the terms and conditions contained in the Rent Purchase Agreement executed thereunder;
- (d) the officers and servants of the Ceylon State Mortgage Bank and the Agricultural and Industrial Credit Corporation shall be deemed to be employees of the Bank on such terms and conditions as may be determined by the Bank:

Provided that where the Bank is unable to offer suitable employment to any such officer or servant, or where such officer or servant is unwilling to accept an appointment on terms and conditions determined by the Board, the Bank shall pay compensation at such rate as may be prescribed;

- (e) all contracts, deeds, bonds, agreements and other instrumnets which subsist or have effect immediately prior to that date and to which the Board of Directors of the Ceylon State Mortgage Bank or the Board of Directors of the Agricultural and Industrial Credit Corporation have subscribed 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, the Bank had been a party thereto;
- (f) all suits, appeals or other legal proceedings instituted by, or against, the Board of Directors of the Ceylon State Mortgage Bank or the Board of Directors of the Agricultural and Industrial Credit Corporation and pending immediately prior to that date shall not abate or be discontinued or in any way prejudicially affected by reason of such repeal, and accordingly may be continued and enforced by, or against, the Bank.

86. In this Law, unless the context otherwise requires —

“agriculture” includes the raising of crops, medicinal plants and herbs, horticulture, sericulture, bee-keeping, forestry, animal husbandry, poultry farming, dairy farming (including livestock rearing and breeding and growing pasture and fodder and marketing of produce);

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

“director” and “General Manager” means the persons appointed to such offices under this Law;

“enterprise” means any body of persons whether corporate or unincorporate, by whatsoever name or designation called, and includes a corporation sole or a sole proprietorship;

“industry” includes fishing, gemming, tourism, transport and the manufacture or preparation of any produce or commodity for sale in the market;

“loan” means a loan of money and includes any overdraft or any other monetary accommodation by whatsoever name or designation called, but does not include any salary advance to the staff of the bank;

“prescribed” means prescribed by rules made under this Law.

**EXTRACTS FROM THE INLAND REVENUE  
(AMENDMENT) LAW, No. 18 of 1975**

2. Section 3 of the Inland Revenue Act, No. 4 of 1963, (hereafter in this Law referred to as the "principal enactment") as last amended by Law No. 1 of 1974, is hereby further amended in sub-section (1) of that section by the Addition, at the end of subparagraph (i) of paragraph (h), of the following new item:—

"(e) a change of ownership of any residential premises occurring on or after November 1, 1973, on the death of the owner thereof, where the property of which the deceased was at the time of his death competent to dispose within the meaning of the Estate Duty Ordinance does not include any other residential premises and the total estate within the meaning of that Ordinance of the deceased does not exceed one hundred and fifty thousand rupees in value,".

3. (1) Section 5 of the principal enactment, as last amended by Law No. 1 of 1974, is hereby further amended in subsection (1) of that section as follows:—

(a) by the substitution, for paragraph (ad) of that subsection, of the following new paragraph:—

"(ad) for any year of assessment commencing on or after April 1, 1973, the profits and income derived by the owner or cultivator of any paddy land from the sale of paddy cultivated on such land—

(i) to the Paddy Marketing Board established under the Paddy Marketing Board Act, No. 14 of 1971, or to any authorized purchaser within the meaning of that Act; or

(ii) to the Director of Agriculture or to any officer of the Department of Agriculture authorized by such Director;";  
and

(b) by the insertion, immediately after paragraph (cc) of that subsection (inserted therein by Act No. 33 of 1971) of the following new paragraph:—

"(ccc) the profits and income of the Coconut Development Authority, the Coconut Research Board, and the Coconut Cultivation Board, established by or under the Coconut Development Act. No. 46 of 1971;".

(2) The amendment made in section 5 of the principal enactment by paragraph (a) of subsection (1) of this section shall be deemed to have come into operation on January 10, 1974, being the date on which Law No. 1 of 1974, came into force.

4. (1) Section 7A of the principal enactment (inserted therein by Law No. 17 of 1972) is hereby amended in subsection (9) of that section as follows:—

(a) by the substitution, for the definition of “export profits and income,” of the following new definition:—

“export profits and income”, when used in relation to a company or an undertaking, means the sum which bears to the profits and income (within the meaning of paragraph (a) of sub-section (1) of section 3 after excluding any profits and income which are exempt from income tax under section 5A of this Act) of the company or undertaking, computed in accordance with the provision of this Act, the same proportion as the export turnover of that company or undertaking bears to the total turnover of that company or undertaking; ;

(b) by the substitution, for the definition of “export turnover”, of the following new definition:—

“export turnover” when used in relation to a company or undertaking means the total amount received or receivable by that company or undertaking from the export of goods or commodities, or from the provision of services for payment in foreign currency, excluding—

(a) any amount received or receivable by the sale of capital assets :

(b) any amount received or receivable from the sale of gems where the profits and income arising from such sale are exempt from income tax under section 5A of this Act ;

(c) any amount received or receivable from the export of black tea in bulk, crepe rubber, sheet rubber, coconut oil, dessicated coconut, copra, fresh coconuts, coconut fibre or any ther commodity specified for the purposes of this section by the Minister by Notification published in the Gazette ; and

(d) any profits and income not being profits and income within the meaning of paragraph (a) of subsection (1) of section 3 ; ; and

(c) by the substitution, for the definition of “total turnover”, of the following new definition:—

“total turnover” when used in relation to a company or undertaking means the total amount received or receivable by that company or undertaking from any trade or business carried on or exercised by that company or undertaking, excluding—

- (a) any amount received or receivable by the sale of capital assets;
- (b) any amount received or receivable from the sale of gems where the profits and income arising from such sale are exempt from income tax under section 5A of this Act;
- (c) any profits and income other than profits and income within the meaning of paragraph (a) of subsection (1) of section 3.

(2) The amendments made in section 7A of the principal enactment by subsection (1) of this section shall be deemed for all purposes, to have come into operation on the date on which the provision of the aforesaid section 7A are deemed to have come into operation.

5. Section 21 of the principal enactment, as amended by Act No. 6 of 1969, is hereby further amended by the repeal of subsection (6A) of that section, and the substitution therefor of the following new subsection:—

- ‘(6A) Subsection (6) of this section shall have effect in its application—
- (a) in respect of each year of assessment commencing on or after April 1, 1969, but not later than April 1, 1973, as though for the words “five hundred rupees”, there were substituted the words “nine hundred rupees”; and
  - (b) in respect of each year of assessment commencing on or after April 1, 1974, as though for the words “five hundred rupees”, there were substituted the words “one thousand two hundred rupees”.

6. Section 42 of the principal enactment is hereby amended as follows:—

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

‘(2) For every year of assessment (hereafter in this subsection referred to as the “relevant year of assessment”), commencing on or after April 1, 1963, but not later than April 1, 1973, the value of the taxable gifts made in the year preceding the relevant year of assessment by any person liable to the gifts tax shall be added to the value of the taxable gifts made by him on or after July 18, 1953, and before such preceding year. Then, assuming that the sum resulting from such addition is the value of the taxable gifts in respect of which gifts tax is chargeable, the amount of such tax shall be computed by the application of the appropriate rates of gifts tax. From the amount so computed there shall be deducted all sums paid by him previously, whether by way of contributions in respect of taxable gifts to the Personal Tax levied under the Personal Tax Act, No. 14 of the 1959, or as gifts tax under this Act. The amount left after such deduction shall be the amount of the gifts tax in respect of his taxable gifts for the relevant year of assessment.’; and

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



"(2A) For every year of assessment commencing on or after April 1, 1974, the gifts tax payable by any person in respect of his taxable gifts shall be the difference between—

- (a) the amount computed at such rates of gifts tax specified in the Sixth Schedule to this Act as are applicable to the taxable gifts made in the year preceding that year of assessment (hereafter in this subsection referred to as "the preceding year") on the aggregate of the values of all taxable gifts within the meaning of this Act or of the Personal Tax Act, No. 14 of 1959, made by such person on or after 18th July, 1958, and before the end of the preceding year; and
- (b) the amount computed at such rates of gifts tax specified in the Sixth Schedule to this Act as are applicable to the taxable gifts made in the preceding year on the aggregate of the value of the taxable gifts, within the meaning of this Act or of the Personal Tax Act, No. 14 of 1959, made by such person on or after 18th July, 1958, and before the commencement of the preceding year."

7. The following new section is hereby inserted immediately after section 69B, and shall have effect as section 69C, of the principal enactment:—

69C. Where, for any year of assessment commencing on or after April 1, 1972, the profits and income of any person includes—

- (a) the profits and income from any profession or vocation which he has ceased to carry on or exercise in the year preceding that year of assessment and profits from any employment which he commenced to carry on or exercise either in the year preceding that year of assessment or in that year of assessment, or
- (b) profits and income from any profession or vocation which he ceased to carry on or exercise in that year of assessment and profits from employment which he commenced to carry on or exercise in that year of assessment,

the Commissioner may, upon a written application made by such person on or before December 31, 1975, grant him such relief as the circumstances of the case may require. Where such relief is granted, then, notwithstanding anything contained in sections 103 and 117, the assessment made in respect of that person shall be amended and any sum paid in excess of the tax charged by the amended assessment shall be refunded to such person."

8. Section 73 of the principal enactment is hereby amended by the addition at the end of that section of the following new subsection:

“(9) Notwithstanding the provisions of subsections (2), (3), (4), (6A) and 8, in respect of each year of assessment commencing on or after April 1, 1973 —

- (a) in the case of any person holding for the time being the office of Prime Minister, Minister, (other than the Prime Minister), Speaker, Deputy Speaker or Deputy Chairman of Committees of National State Assembly or Deputy Minister, a sum of seven hundred rupees out of the monthly remuneration paid to such person by the Government of Sri Lanka, in lieu of the sum of three hundred rupees referred to in subsections (2), (3), (4) and (6A), shall not be taken into consideration in ascertaining the profits and income arising to such person from that office ; and
- (b) in the case of any person who is a member of Parliament (other than any person referred to in paragraph (a) ), a sum of seven hundred rupees out of the monthly remuneration paid to such person by the Government of Sri Lanka, in lieu of one-half of the amount of the other allowances referred to in sub-section (8) shall not be taken into consideration in ascertaining the profits and income of such person in his capacity as such member ”. ”.

11. The Sixth Schedule to the principal enactment is hereby amended by the substitution, for the expression “in Part II of the Fifth Schedule”, of the following:—

“in Part II of the Fifth Schedule subject however to the variation that for gifts made during the year preceding any year of assessment commencing on or after April 1, 1974, the rate on the first Rs. 50,000 of the value of all taxable gifts shall, in lieu of the 5 per centum specified in that Part of that Schedule, be 3 per centum.”.

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**Extract from the Control of Prices (Amendment) Law,  
No. 21 of 1975**

2. Section 4 of the Control of Prices Act, as amended by Act No. 23 of 1962, is hereby further amended in subsection (1) of that section as follows:—

- (1) by the substitution, for paragraph (a) of that subsection, of the following paragraph:—

“(a) fix the maximum price (ex-factory, wholesale and retail) above which that article shall not be sold;”;

- (2) by the relettering of paragraph (b) of that subsection as paragraph (c) thereof; and

(3) by the insertion, immediately after paragraph (a) of that subsection, of the following new paragraph:-

- "(b) (i) set out the price structure according to which the maximum price (ex-factory, wholesale and retail) of that article shall be fixed by the manufacturer or importer;
- (ii) set out the manner in which such manufacture or importer shall make known to the public the maximum price so fixed; and
- (iii) specify that the price so fixed shall be the maximum price above which that article shall not be sold; and"

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**Ceiling on Income and Compulsory Savings (Amendment) Law,  
No. 22 of 1975**

**A LAW TO AMEND THE CEILING ON INCOME AND  
COMPULSORY SAVINGS LAW, NO. 15 OF 1972.**

1. This Law may be cited as the Ceiling on Income and Compulsory Savings (Amendment) Law, No. 22 of 1975.

2. Section 10 of the Ceiling on Income and Compulsory Savings Law, No. 15 of 1972, hereafter in this Law referred to as the "principal enactment", is hereby repealed and the following new section substituted therefor:-

10. An individual who is the head of family or who is not included in a family shall not be required to pay contributions under this Law—

(a) for any year of assessment commencing on or before April 1, 1973-

(i) if the income tax which he would be liable to pay under the principal Act for that year of assessment on a taxable income equal to his contributable income does not exceed eight hundred and forty rupees; or

(ii) if his total income for that year of assessment does not exceed twelve thousand rupees; and

(b) for any year of assessment commencing on or after April 1, 1974, if his total income for that year of assessment does not exceed eighteen thousand rupees."

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

(a) by the renumbering of that section as subsection (1) of section 12;

(b) in the renumbered subsection (1), by the substitution, for the words "for any year of assessment", of the following:-

“for any year of assessment commencing on or before April 1, 1973,”;  
and

- (c) by the addition, immediately after subsection (1), of the following new subsection:-

“(2) The normal contribution payable under this Law for any year of assessment commencing on or after April 1, 1974, by an individual who is the head of a family or who is not included in a family shall not be more than eighty *per centum* of the amount by which his total income for that year of assessment exceeds eighteen thousand rupees.”.

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### Stamp (Amendment) Law, No. 28 of 1975

#### A LAW TO AMEND THE STAMP ORDINANCE

1. This Law may be cited as the Stamp (Amendment) Law, No. 28 of 1975.

2. The following new section is hereby inserted immediately after section 87 of the Stamp Ordinance (hereinafter referred to as the “principal enactment”) and shall have effect as section 87*a* of that enactment:-

87A. (1) Where any person making payments to employees in respect of their employment satisfies the Commissioner that it is impracticable or inexpedient for such employees to give duly stamped receipts under section 34 in respect of such payments, the Commissioner may, by notice in writing, direct such person-

- (a) to deduct from the amount of any such payment as is specified in the notice, the stamp duty payable on the receipt relating to such payment,
- (b) to remit at such intervals as are specified in the notice the sums deducted under paragraph (a), and
- (c) to deliver to the Commissioner, accounts relating to the sums deducted under the paragraph (a) at such intervals, in such form and containing such particulars as are specified by the Commissioner in the notice.

(2) Notwithstanding anything in section 34, it shall not be necessary for any person receiving any payment referred to in a notice under subsection (1) to give in respect of that payment a duly stamped receipt.

(3) Any person who fails to comply with any direction given in a notice issued to him under subsection (1), shall be liable to pay as penalty a sum equal to ten rupees *per centum* upon the amount of duty payable, and a like penalty for every month after the first month during which the failure continues.

(4) The duty and penalty required to be paid under this section may be recovered as if they were required to be paid under Chapter IV.”.

3. Part I of Schedule A to the principal enactment, as last amended by Law No. 21 of 1973, is hereby further amended as follows:-

(1) by the substitution in item 23 thereof, for paragraphs (1) and (2) of that item, of the following new paragraphs:-

“(1)(a) Writing or Bill of Sale by way of conveyance or transfer requiring registration under the Registration of Documents ordinance;

(b) conveyance or transfer of any immovable property for any consideration-

where the purchase or consideration money therein or there upon expressed, or if the consideration be other than a pecuniary one, or partly pecuniary and partly other than pecuniary, the value of the property shall be-

			Rs.	c.
Over Rs.	0 and not over Rs.	50	..	1 0
Over Rs.	50 and not over Rs.	100	..	2 0
Over Rs.	100 and not over Rs.	200	..	4 0
Over Rs.	200 and not over Rs.	300	..	6 0
Over Rs.	300 and not over Rs.	400	..	8 0
Over Rs.	400 and not over Rs.	500	..	10 0
Over Rs.	500 and not over Rs.	1,000	..	15 0
Over Rs.	1000 and not over Rs.	50,000 for every Rs. 100 or part thereof	..	3 0
Over Rs.	50,000 and not over Rs.	75,000 for every Rs. 100 or part thereof	..	4 0
Over Rs.	75,000 and not over Rs.	100,000 for every Rs. 100 or part thereof	..	5 0
Over Rs.	100,000, for every Rs. 100 or part thereof	..	..	6 0

Provided that where a conveyance or transfer of any immovable property is deemed by the Commissioner to be partly a conveyance or transfer and partly a gift, then, if the value of such property exceeds Rs. 1,000, the duty chargeable in respect of such part of the transaction as is deemed to be a conveyance or transfer shall be at the appropriate rate as set out above notwithstanding that the consideration set forth in the instrument of such conveyance or transfer is less than Rs. 1,000.

## (2) Conveyance or transfer of any movable property for any consideration—

where the purchase or consideration money therein or there upon expressed, or if the consideration be other than a pecuniary one, or partly pecuniary and partly other than pecuniary, the value of the property shall be—

			Rs.	c.
Over Rs.	0 and not over Rs.	50	..	0 50
Over Rs.	50 and not over Rs.	100	..	1 0
Over Rs.	100 and not over Rs.	200	..	2 0
Over Rs.	200 and not over Rs.	300	..	3 0
Over Rs.	300 and not over Rs.	400	..	4 0
Over Rs.	400 and not over Rs.	500	..	5 0
Over Rs.	500 and not over Rs.	1,000	..	10 0
Over Rs.	1,000 and not over Rs. 50,000,			
	for every Rs. 100 or part there of	..	3	0

Over Rs. 50,000 – Rs. 1,500 and an additional sum computed at the rate of Rs. 5, for every Rs. 500, or any out standing fraction thereof, in excess of Rs. 50,000.

Provided that in the case of a conveyance or transfer of shares, scrip, stock debentures or debenture stock the duty shall be as follows:—

			Rs.	c.
Where the value is over Rs.	0 and not over Rs.	50	..	1 0
Where the value is over Rs.	50 and not over Rs.	100	..	2 0
Where the value is over Rs.	100 and not over Rs.	200	..	4 0
Where the value is over Rs.	200 and not over Rs.	300	..	6 0
Where the value is over Rs.	300 and not over Rs.	400	..	8 0
Where the value is over Rs.	400 and not over Rs.	500	..	10 0
Where the value is over Rs.	500 and not over Rs.	1,000	..	20 0
Where the value is over Rs.	1,000 and not over Rs. 50,000, for every Rs. 100 or part thereof	..	3	0

Over Rs. 50,000 – Rs. 1,500 and an additional sum computed at the rate of Rs. 10 for every Rs. 500, or any out standing fraction thereof, in excess of Rs. 50,000”; and

(2) by the substitution, for item 32 thereof, of the following new item:-

32. (1) Gift or deed of gift of any property-  
(a) where the value of the property-

	Rs.	c.
(i) does not exceed Rs. 50 ..	1	0
(ii) exceeds Rs. 50 but does not exceed Rs. 100 ..	2	0
(iii) exceeds Rs. 100 but does not exceed Rs. 200 ..	4	0
(iv) exceeds Rs. 200 but does not exceed Rs. 300 ..	6	0
(v) exceeds Rs. 300 but does not exceed Rs. 400 ..	8	0
(vi) exceeds Rs. 400 but does not exceed Rs. 500 ..	10	0
(vii) exceeds Rs. 500 but does not exceed Rs. 1000 ..	15	0
(viii) exceeds Rs. 1000 but does not exceed Rs. 50,000, for every Rs. 100 or part thereof ..	3	0

(b) where the property exceeds Rs. 50,000 in value, Rs. 1,500 and an additional sum computed at the rate of Rs. 8 for every Rs. 500, or any outstanding fraction thereof, in excess of Rs. 50,000.

(2) Except in any case where different allotments are treated and described as one property, and from their situation as respects each other other can be included in one survey, a gift or deed of gift affecting more than one land shall be liable to further duty as follows:-

For each additional land:-

	Rs.	c.
(i) Where the aggregate value of all the lands does not exceed Rs. 100 ..	0	25
(ii) Where the aggregate value of all the lands exceeds Rs. 100 but does not exceed Rs. 300 ..	0	50
(iii) Where the aggregate value of all the lands exceeds Rs. 300 ..	1	0”.

**Bank Debits Tax (Amendment) Law, No. 32 of 1975**

**A LAW TO AMEND THE BANK DEBITS TAX ACT, NO. 27 OF 1970.**

1. This Law may be cited as the Bank Debits Tax (Amendment) Law, No. 32 of 1975, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette*.

2. Section 3 of the Bank Debits Tax Act, No. 27 of 1970 (hereinafter referred to as the "principal enactment") is hereby amended by the omission of paragraphs (b), (c) and (d) of that section.

3. Section 5 of the principal enactment is hereby amended by the repeal of subsection (1) of that section, and the substitution therefor of the following new subsection:-

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

4. Section 15 of the principal enactment is hereby repealed and the following new section substituted therefor:

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

5. Section 17 of the principal enactment is hereby amended by the substitution, for the definition of "commercial bank", of the following new definition:-

' "commercial bank" means any commercial bank within the meaning of the Monetary Law Act;'



**Land Reform (Amendment) Law, No. 39 of 1975**

**A LAW TO AMEND THE LAND REFORM LAW NO. 1 OF 1972.**

1. This Law may be cited as the Land Reform (Amendment) Law, No. 39 of 1975.

2. The The following new Part is hereby inserted immediately after Part III, and shall have effect as Part IIIA, of the Land Reform Law, No. 1 of 1972:-

**PART III A**

**SPECIAL PROVISIONS RELATING TO ESTATE LANDS  
OWNED BY PUBLIC COMPANIES**

42A. (1) Every estate land owned or possessed by a public company on the date on which this Part of this Law comes into operation shall, with effect from such date-

- (a) be deemed to vest in and be possessed by the Commission; and
- (b) be deemed to be managed under a statutory trust for and on behalf of the Commission by the agency house or organization which, or the person who, on the day immediately prior to the date of such vesting, was responsible for, and in charge of, the management of such estate land, for and on behalf of such company, and such agency house, organization or person shall, subject to the provisions of this Part of this Law, be deemed to be the statutory trustee of such estate land.

(2) The vesting of an estate land under subsection (1) shall have the effect of giving the Commission absolute title to such estate land as from the date of vesting and, subject as hereinafter provided, free from all encumbrances.

(3) The terms and conditions of the statutory trust, including the remuneration or agency fees of statutory trustees shall, subject as hereafter in this Part of this Law provided, be as prescribed by regulations made under this Law.

42B. (1) Where any estate land is vested in the Commission under section 42A, the statutory trustee of such estate land, shall, during the continuance of such statutory trust be responsible for the good and proper management of such estate land, subject to such general or special directions as may from time to time be issued by the Commission.

(2) No such statutory trustee shall by any act or omission cause the condition of such estate land to deteriorate or the assets, movable or immovable, of such estate land to be destroyed, lost, damaged or depreciated in value.

(3) It shall be the duty of such statutory trustee to allow the workers who were lawfully resident on the estate land on the day immediately prior to the date of such vesting to continue so to reside on such estate land, and to continue the employment of the workers who were in regular employment on such estate land on such day.

(4) No credit or other financial arrangement which relates to the management, supervision or development of any such estate land or to the marketing of the produce of such land, and which is in force on the date on which this Part of this Law comes into operation shall be modified or altered except with the written consent of the Commission, and for the purpose of securing compliance with the preceding provisions of this subsection, the Commission may from time to time issue such directions as it may deem necessary or expedient to any statutory trustee, commercial bank, public company, agency house, broker or any other party to such arrangement, and it shall be the duty of every person to whom any such direction is issued to comply therewith.

(5) (a) Subject to the provisions of paragraph (b), where any estate land is vested in the Commission, the rights and liabilities of the former owner of such estate land under any contract or agreement, express or implied, which relates to the purposes of such estate land and which subsists on the day immediately prior to the date of such vesting, and the other rights and liabilities of such owner which relate to the running of such estate land and which subsist on such day, shall become the rights and liabilities of the Commission; and the amounts required to discharge all such liabilities shall be deducted from the amounts of compensation payable in respect of such estate land.

(b) The Minister may at any time repudiate any liabilities referred to in paragraph (a), if he is of opinion that such liabilities were incurred *mala fide*, dishonestly or fraudulently. Notice of the repudiation shall be given by the Minister to the parties affected by such repudiation.

(c) Where the Minister under paragraph (b) repudiates any liabilities, such liabilities shall be deemed never to have become the liabilities of the Commission.

42C. (1) Where any estate land is vested in the Commission under this Part of this Law, it shall be the duty of the statutory trustee of such estate land, within one month of the date of such vesting, to furnish in writing to the Commission a declaration containing the following particulars:-

- (a) the name and postal address of the estate land;
- (b) the name and address of the former owner of the estate land;
- (c) the situation and extent of the estate land, the plantations thereon, the area covered by each such plantation and the yield of such plantation in each of the five calendar years immediately preceding the date of vesting;
- (d) a description of the buildings, factories, machinery, implements, vehicles and other things, movable and immovable, belonging to the estate land;
- (e) the balance sheet and profit and loss account of the estate land for each of the five accounting years immediately preceding the date of vesting;

- ( f ) copies of declarations submitted to the Commissioner-General of Inland Revenue in respect of any tax payable in respect of such estate land in each of the three accounting years immediately preceding the date of vesting;
- ( g ) a statement of interim and final dividends declared by the former owner for each of the five accounting years immediately preceding the date of vesting;
- ( h ) particulars of sales of other estate lands, if any, in the administrative district, of which the statutory trustee has knowledge and which have taken place during the period of three years immediately preceding the date of vesting; and
- ( i ) such other particulars as may be prescribed; and

(2) A copy of the declaration furnished to the Commission under subsection (1) shall be sent by the statutory trustee to the former owner of such estate land who shall have the right within ninety days of the receipt by him of such copy, to address any observations on the information therein contained, to the Commission.

(3) It shall also be the duty of the statutory trustee of such estate land, to furnish to the Commission in respect of such estate land within four months of the date of vesting:-

- ( a ) a profit and loss account in respect of the period commencing on the day following the last day of the previous accounting year and ending on the day immediately preceding the date of vesting;
- ( b ) the balance sheet as at the day immediately preceding the date of vesting; and
- ( c ) such other information as may be prescribed.

42D. (1) Where any person who was not lawfully resident on any estate land vested in the Commission attempts to take up, or takes up, residence on such estate land, it shall be the duty of the statutory trustee and of the superintendent of such estate land immediately to report the fact in writing to the Commission and to the police officer in charge of the nearest police station.

(2) Upon receipt by the Commission of a report under subsection (1), an authorized officer or agent of the Commission may give directions to any police officer in connection with the ejection of such persons from such estate land and such police officer shall take such steps and may use such force as may be necessary for securing compliance with such directions.

(3) Where the authorized officer or agent of the Commission is unable or apprehends that he will be unable to eject such persons from such estate land, he shall, on making an application in that behalf to the Magistrate's Court having jurisdiction over the area in which the estate land is situated, be entitled to an *ex parte* order of the court directing the Fiscal to eject such persons from such estate land.

(4) Where an order under subsection (3) is issued to the Fiscal by the Magistrate's Court, he shall forthwith execute the order and shall in writing report to the court the manner in which that order was executed.

(5) For the purpose of executing the order issued by the Magistrate's Court under subsection (3), the Fiscal or any person acting under his direction may seek the assistance of any police officer and may use such force as may be necessary to enter the estate land and to eject such persons and their dependants, if any, therefrom.

42E. No servitude over any estate land shall in any manner be affected by the vesting of such estate land in the Commission under the provisions of this Part of this Law, unless and until such servitude has been determined by the Commission. Where such servitude is so determined, the owner of the servitude shall be entitled to compensation.

42F. Where any estate land subject to a mortgage, lease, usufruct or life interest is vested in the Commission under the provisions of this Part of this Law, the mortgagee, lessee, usufructuary or the holder of the life interest, as the case may be, shall have alien to the extent of his interest in such estate land on the compensation payable in respect of such estate land.

42G. Any statutory trust under section 42A, may be terminated at any time at the option of the Commission, and the Commission may at any time take possession of any estate land vested in the Commission. Unless terminated earlier, such trust shall continue for one year from the date of vesting, and if the Commission so decides, be continued for a further period of one year. No statutory trust may be continued for any further period by the Commission, except with the express approval of the Minister.

42H. (1) Any estate land vested in the Commission under this Part of this Law may be used for any of the following purposes:--

- (a) alienation by way of sale, exchange, rent purchase or lease to persons for agricultural development or animal husbandry, or for a co-operative or collective farm or enterprise;
- (b) alienation by way of sale in individual allotments to persons for the construction of residential houses;
- (c) alienation to any corporation established or to be established under the State Agricultural Corporations Act, No. 11 of 1972, or to the Ceylon State Plantations Corporation established under the Ceylon State Plantations Corporation Act, No. 4 of 1958;
- (d) for a farm or plantation managed by the Commission directly or by its agents;
- (e) for village expansion or any other public purpose.

(2) In determining the purposes for which estate lands vested in the Commission may be used, the Commission shall be subject to such directions as may from time to time be issued in that behalf by the Minister.

42j. (1) Compensation shall be payable in respect of every estate land vested in the Commission under this Part of this Law.

(2) The amount of compensation to be paid in respect of any estate land vested in the Commission shall be such sum as in the opinion of the Chief Valuer constitutes a reasonable value of such estate land as on the date of vesting. In determining the amount of compensation, the Chief Valuer shall take into consideration, *inter alia*, the condition of the estate land as on the date of vesting, the dividends and profits declared by the owner thereof in each of the five accounting years immediately preceding the date of vesting and the prices at which estate land in the area in which such estate land is situated were sold during the period of three years immediately preceding the date of vesting.

(3) The manner and mode of payment of compensation shall be determined by the Minister in consultation with the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning and Economic Affairs.

(4) The compensation payable, less any deductions that may be made from such compensation under this Part of this Law, shall carry interest, as from the date on which it accrues due until payment, at such rate as may be determined by the Minister With the concurrence of the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning and Economic Affairs.

(5) The Provisions of sections 29 to 40 (both inclusive) shall, *mutatis mutandis*, apply in respect of estate lands vested in the Commission under this Part of this Law.

(6) Where a person is entitled to compensation in respect of any estate land vested in the Commission, the Commission shall, after reasonable notice to such person, pay from the amount of such compensation—

- (a) to the Commissioner-General of Inland Revenue, any sum certified under the hand of the Commissioner-General of Inland Revenue to the Commission to be due from such person under Inland Revenue Act, No. 4 of 1963; and
- (b) to the Commissioner of Labour, any sum certified, within a period of one year from the date of vesting of such estate land, under the hand of the Commissioner of Labour to the Commission to be due from such person as arrears of salary, provident fund contributions, gratuity or other monetary benefit to any person employed in such estate land.

For the purposes of this subsection, the expression "compensation" includes any interest which has accrued due on such compensation.

(7) Notwithstanding the provisions of subsections (1) to (5) (both inclusive) of this section, the Commission may pay to any person entitled to compensation in respect of any estate land vested in the Commission under this Part of this Law, such amount and in such manner or mode as the Minister may, in consultation with the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning and Economic Affairs, direct the Commission to pay, pursuant to any agreement or negotiated settlement reached between the Minister and such person in respect of the amount of compensation for such estate land and the manner and mode of payment thereof.

(8) Where compensation has been paid in respect of any estate land in accordance with the provisions of this section, no further claim against the Commission either by the person to whom such compensation was paid or by any other person shall be allowed and no action shall be instituted against the Commission in any court in respect of such further claim.

42K. Where the Minister in consultation with the Minister in charge of the subject of Trade, the Minister in charge of the subject of Planning and Economic Affairs and the Minister in charge of the subject of Finance, is of the opinion that it is necessary, for the purpose of giving effect to this Part of this Law, to vest in the Government, the business undertaking of any agency house or organization which, under this Part of this Law, is the statutory trustee of any estate land vested in the Commission, the Minister May request the Minister of Finance to vest such business undertaking in the Government under the provisions of the Business Undertakings (Acquisition) Act, No. 35 of 1971, and accordingly, the Minister of Finance may by Order made under section 2 of that Act, vest such business undertaking in the Government.

42L. (1) Where the Minister is of the opinion that, for the good and proper management of any estate land vested in the Commission, it is necessary so to do, the Minister may by Order published in the *Gazette* appoint any person as a director or other executive officer or remove from office any director or other executive officer of the agency house or organization which under this Part of this Law is the statutory trustee of such estate land.

(2) An Order made under subsection (1)-

- (a) shall have effect from the date of publication of such Order in the *Gazette*;
- (b) shall be valid and effectual notwithstanding anything in any other Law;
- (c) shall not be questioned in any court or tribunal on any ground what so ever;

and the person in respect of whom such Order is made shall be deemed to have been appointed to or to have vacated his office, as the case may be, on the date of publication of such Order in the *Gazette*.

42M. In this Part of this Law, unless the context otherwise requires, "estate land" means any land of which an extent exceeding fifty acres, is under cultivation in tea, rubber, coconut or any other agricultural crop, or is used for any purpose of husbandry, and includes unsold produce of that land and all buildings, fixtures, machinery, implements, vehicles and things, movable and immovable, and all other assets belonging to the owner of such land and used for the purposes of such land."

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## **Extracts from the National Prices Commission Law, No. 42 of 1975**

### **PART I.**

#### **ESTABLISHMENT OF THE NATIONAL PRICES COMMISSION**

2. There shall be established, on the appointed date, a Commission which shall be called the National Prices Commission (hereafter in this Law referred to as the "Commission"), and which shall consist of the persons who are for the time being members of the Commission under section 4.

### **PART II.**

#### **FUNCTIONS AND POWERS OF THE COMMISSION**

13. The functions of the Commission shall be-

- (a) to examine any request made to it under section 17 or under section 18, and in appropriate cases, to fix the maximum factory, wholesale or retail prices above which any article referred to in such request shall not be sold or to set out the price structure according to which such Prices shall be fixed;
  - (b) to examine any matter specified in a reference made to it under section 23 and to tender advice in respect of such matter, in the form of a report to the relevant agency making such reference;
  - (c) to examine any matter specified in a reference made to it under section 24 and to tender advice in respect of such matter, in the form of a report to the Minister making such reference.
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## **Extracts from the Control of Prices (Amendment) Law, No. 43 of 1975**

### **A LAW TO AMEND THE CONTROL OF PRICES ACT.**

2. (1) Section 4 of the Control of Prices Act, hereinafter referred to as the "principal enactment", is hereby repealed.

(2) Notwithstanding the repeal of section 4 of the principal enactment, every Order made under section 4 of that enactment in respect of any article, and in force on the day immediately preceding the coming into force of this Law, shall, in so far as that Order is not inconsistent with the provisions of the National Prices Commission Law, be deemed to be an Order made under section 20 of that Law.

3. Section 6 of the principal enactment is hereby amended in subsection (2) of that section as follows:-

- (i) by the omission of paragraph (b) of that subsection;
- (ii) by the substitution, for paragraph (d) of that subsection, of the following paragraph:-

“(d) the prohibition, regulation or control of the storage, removal or disposal of any articles, and the prevention of the hoarding of any articles, during the operation of any Order made or deemed to be made under the National Prices Commission Law fixing the prices of such articles;”;

- (iii) by the substitution, for paragraph (e) of that subsection, of the following paragraph:-

“(e) the seizure of articles in respect of which or in relation to which contraventions of any Order made or deemed to be made under the National Prices Commission Law fixing the prices of such articles, or of any regulation made under this Act have been or are suspected to have been committed, and the custody, sale and disposal of articles so seized or ordered by any court to be forfeited;”;

- (iv) by the repeal of paragraph (f) of that subsection; and

- (v) by the substitution, for paragraph (g) of that subsection, of the following paragraph:-

“(g) any other matter incidental or consequential to any of the matters herein before mentioned, or which may be necessary for the purpose of securing compliance with any Order made or deemed to be made under the National Prices Commission Law fixing the prices of any articles.”.

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

- (1) by the substitution, for subsection (1) of that section, of the following subsection:-

“(1) Every person who acts in contravention of any Order or regulation made or deemed to be made under this Act or of any general or special direction given under section 5 of this Act, or contravenes any Order made or deemed to be made under the National Prices Commission Law fixing the price of an article, or contravenes or fails to comply with any direction given or requirement imposed under section 5A of this Act or resists or obstructs any other person in the exercise of his powers under that section, shall be guilty of an offence.”;



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

(a) by the substitution, for paragraph (a) of that subsection, of the following paragraph-

“(a) any person, carrying on business at any premises situated in any place or area in which an Order made or deemed to be made under the National Prices Commission Law fixing the price of an article is in operation, has in his possession for purposes of trade a stock of such article; and”;

(b) by the substitution, for sub-paragraph (ii) of paragraph (b) of that subsection, of the following sub-paragraph:-

“(ii) offers to sell the article subject to a condition requiring the buying of any other article (whether or not an Order made or deemed to be made under section 20 of the National Prices Commission Law is in force in respect of such other article), or the making of any payment in respect of any service or subject to any other condition, except a condition that the buyer shall pay the price forthwith,”;

(3) in subsection (6) of that section, by the substitution for sub-paragraph (i) of paragraph (a), of the following sub-paragraph:-

“(i) if it is the contravention of an Order made or deemed to be made under section 20 of the National Prices Commission Law by selling an article above the maximum price fixed for that article by that Order, or of a regulation for the prevention of the hoarding of an article for which the maximum price is fixed by such an Order, be punished with rigorous imprisonment for a term not less than four weeks and not exceeding six months and, in addition, with a fine not exceeding seven thousand five hundred rupees, and”;

(4) by the substitution, for subsection (8) of that section, of the following subsection:-

“(8) Where any person who is employed by any other person (such other person being hereinafter referred to as the “employer”) to sell articles in the course of any business carried on by the employer at any premises, is, by reason of anything done or omitted to be done at those premises, convicted of the offence of contravening any provision of any Order made or deemed to be made under the National Prices Commission Law fixing the prices of the articles, or of a regulation made or deemed to be made under this Act, then the employer, or where the employer is out of Sri Lanka, the person for the time being acting as manager or having control of the business, shall also be guilty of that offence unless he proves to the satisfaction of the court that the offence was committed without his knowledge and that he exercised all due diligence to prevent the commission of the offence.”.

5. Section 10 of the principal enactment is hereby repealed, and the following section is substituted therefor:-

10. The provisions of this Act or of any Order made or deemed to be made under the National Prices Commission Law fixing the price of any article shall have no application to any article imported, purchased or stored by or on behalf of the naval, military, air force or civil authorities for the use of the Armed Services of Sri Lanka or the Government, or to the price at which any article specified by the Minister by Notification published in the Gazette is sold to any officer authorized by the Minister to purchase such article for the use of the Government; but nothing in this section shall be deemed or construed to permit any person to sell, or authorize any person to refuse to sell, any article to the naval, military or air force authorities, or to any other person on behalf of any of the last-mentioned authorities, in contravention of the aforesaid provisions."

6. Section 11 of the principal enactment is hereby amended as follows:-

- (i) by the omission of the definition of "Minister";
- (ii) by the substitution, for the definition of "price controlled article", of the following definition:-

"price-controlled article" means any article in respect of which an Order made or deemed to be made under the National Prices Commission Law fixing the price of such article, is in operation;; and

- (iii) by the insertion, immediately after the definition of "requisition", of the following new definition:-

"Order made or deemed to be made under the National Prices Commission Law" includes a variation under section 22 of the National Prices Commission Law of an Order made or deemed to be made under section 20 of that Law;'

### **Appropriation Law, No. 50 of 1975**

A LAW TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1976 TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA FOR THE PURPOSE OF SUCH SERVICE, TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR, TO ENABLE THE PAYMENT, BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS OF, OR AT THE DISPOSAL OF THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES, TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND, AND TO MAKE PROVISION FOR MATTERS CONNECTED WITH OR INCIDENTAL TO THE AFORESAID MATTERS.

- 1. This Law may be cited as the Appropriation Law, No. 50 of 1975.

2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees six thousand nine hundred and Seventy-three million one hundred and Seventy-two thousand Seven hundred and fifty-five for the service of the period beginning on January 1, 1976, and ending on December 31, 1976, in this Law referred to as the "financial year 1976", shall be met-

- (a) from payments which are hereby authorized to be made out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government; and
- (b) from the proceeds of loans which are hereby authorized to be raised, whether in or outside Sri Lanka, for and on behalf of the Government, so however, that the aggregate of such proceeds does not exceed rupees two thousand nine hundred and four million.

The sum of rupees six thousand nine hundred and Seventy-three million one hundred and Seventy-two thousand Seven hundred and fifty-five herein before referred to may be expended as specified in the First Schedule to this Law.

(2) The provisions of subsection (1) of this section shall have effect without prejudice to the provisions of any other written law authorizing the raising of loans for and on behalf of the Government.

3. (1) The receipts of the Government, during the financial year referred to in section 2, from each activity specified in column I of the Second Schedule to this Law shall be credited to the account of such activity, but the aggregate of the receipts so credited shall not exceed the maximum limit specified in the corresponding entry in Column III of that Schedule. Any receipts from such activity in excess of such maximum limit shall be credited to the Consolidated Fund.

(2) The expenditure incurred by the Government, during the financial year referred to in section 2, on each activity specified in column I of the Second Schedule to this Law shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in column II of that Schedule.

(3) The debit balance, outstanding at the end of the financial year referred to in section 2, of any activity specified in column I of the Second Schedule to this Law shall not exceed the maximum limit specified in the corresponding entry in column IV of that Schedule, and the total liabilities of that activity at the end of that financial year shall not exceed the maximum limit specified in the corresponding entry in column V of that Schedule.

4. Whenever, at any time during the financial year referred to in section 2, the receipts of the Government from any activity specified in column I of the Second schedule to this Law are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may, from time to time, by Order direct that such sums as he may deem necessary to meet such expenditure shall

be payable, by way of advances, out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government, so however, that the aggregate of the sums so advanced does not exceed the maximum limit of expenditure specified in the corresponding entry in column II of that Schedule. Any sums so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner as the Minister may by Order direct.

5. (1) Any moneys which, by virtue of the provisions of the First Schedule to this Law, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme, or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head by order of the Secretary to the Treasury or any other officer authorized by him.

(2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Law shall be transferred out of that allocation.

6. Where the Minister is satisfied

- (1) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditures; or
- (2) that amounts originally appropriated for a particular purpose or purposes are no longer required,

he may, with the approval of the Government, withdraw in whole or in part any amounts previously released, for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys of, or at the disposal of, the Government."

7. The Minister with the approval of the Government, may, on or before July 31, 1977 by Order vary or alter any of the maximum limits specified in column II, column III, column IV or column V, of the Second Schedule to this Law. Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making of such Order as may be specified therein.

8. The National State Assembly may, by resolution, amend the Second Schedule to this Law, by adding to the appropriate columns of that Schedule, any activity and all or any of the maximum limits relating to such activity.