

## **APPENDICES**

## APPENDIX I

### MAJOR LEGISLATIVE ENACTMENTS OF 1977 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA.

	Page
1. Exchange Control (Amendment) Law No. 4 of 1977.	(i)
2. Criminal Justice Commission (Repeal) Law No. 12 of 1977.	(ii)
3. Exchange Control (Amendment) Law No. 13 of 1977.	(iii)
4. Monetary Law (Amendment) Law No. 16 of 1977.	(iv)
5. Foreign Exchange Entitlement Certificate (Repeal) Law No. 17 of 1977.	(vii)
6. Appropriation Law No. 25 of 1977.	(x)

*Exchange Control (Amendment)*  
*Law, No. 4 of 1977*

A LAW TO AMEND EXCHANGE CONTROL ACT.

1. This Law may be cited as the Exchange Control (Amendment) Law, No. 4 of 1977.

2. The Exchange Control Act, as amended by Law No. 14 of 1972, is hereby further amended in section 30B thereof, as follows :—

- (1) in subsection (2) of that section, by the omission of the words “of the administrative district in which such person is in custody”; and
- (2) by the substitution, in subsections (5) and (6) of that section, for the words “the Secretary to the Ministry of Justice” wherever these words occur in those subsections, of the words “the Secretary to the Ministry of Defence and Foreign Affairs”.

*Criminal Justice Commissions (Repeal) Law, No. 12 of 1977*  
[Certified on 27th October, 1977]

A LAW TO REPEAL THE CRIMINAL JUSTICE COMMISSIONS ACT, NO. 14 OF 1972, AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Law may be cited as the Criminal Justice Commissions (Repeal) Law, No. 12 of 1977.

2. The Criminal Justice Commissions Act, No. 14 of 1972, is hereby repealed and accordingly, every warrant establishing a Criminal Justice Commission shall cease to be valid and of any force in law and any proceeding, matter or thing pending before any such Commission shall terminate upon the commencement of this Law, subject to the jurisdiction of such Commission to make any order arising out of or in consequence of the termination of such proceeding, matter or thing.

3. The termination of such proceeding, matter or thing pending before any Criminal Justice Commission shall not affect the right to institute any prosecution or action in respect of any such proceeding, matter or thing in any court of law in accordance with the law for the time being in force.

*Exchange Control (Amendment) Law, No. 13 of 1977.*  
*[Certified on 27th October, 1977]*

**A LAW TO AMEND THE EXCHANGE CONTROL ACT.**

1. This Law may be cited as the Exchange Control (Amendment) Law, No. 13 of 1977.

2. Part VA of the Exchange Control Act (inserted by Law No. 14 of 1972) is hereby repealed.

*Monetary Law (Amendment) Law, No. 16 of 1977*  
[Certified on 15th November, 1977]

**A LAW TO AMEND THE MONETARY LAW ACT.**

1. This Law may be cited as the Monetary Law (Amendment) Law, No. 16 of 1977.

2. The following new section is hereby inserted immediately after section 76, and shall have effect as section 76A, of the Monetary Law Act (hereinafter referred to as the "principal enactment") :—

76A. (1) Where the Governor is of opinion that it is inexpedient to determine and certify, in accordance with section 73, the parities with respect to the Sri Lanka rupee of foreign currencies ordinarily required for the international transactions of Sri Lanka, he may, in lieu of determining and certifying such parities under that section, determine the rates at which the Central Bank may buy and sell spot foreign exchange.

(2) Where the Governor determines, under subsection (1), the rates at which the Central Bank may buy and sell spot foreign exchange, the provisions of sections 73, 74 and 76 shall cease to have any force or effect in law, and the following provisions shall apply upon such determination :—

- (a) Such determination may be limited to such foreign currencies as the Governor may deem appropriate.
- (b) The rates determined under subsection (1) shall not apply in the case of the purchases and sales of foreign notes and coins, in which case the Central Bank may have regard to the additional costs of, or incidental to, such purchases and sales.
- (c) The rates for transactions other than spot transactions shall not differ from the rates determined under subsection (1), except in so far as it is necessary to reimburse the Central Bank for the additional costs, expenses or risks of each type of transaction.
- (d) The Central Bank shall not accept any commission or impose any charge of any description in respect of the purchase or sale of foreign exchange, except the telegraphic or other costs actually incurred in connection with such purchase or sale.
- (e) It shall be competent for the Governor to authorize, in writing, any officer by name or by office, to vary from time to time within such limits as may be specified by the Governor, the rates determined by the Governor under subsection (1).

- (f) Where the Governor makes no determination under subsection (1) with respect to any particular foreign currency, the Central Bank may buy and sell such currency at a rate calculated on the basis of the exchange rate for that currency in the international markets in relation to any foreign currency with respect to which the Governor has made a determination under subsection (1).
- (g) (i) Where the Governor determines under subsection (1), the rates at which the Central Bank may buy and sell spot foreign exchange, he may also determine the minimum rate at which any commercial bank may buy spot exchange and the maximum rate at which any commercial bank may sell spot exchange.
- (ii) In any case where the Central Bank buys or sells any currency in the exercise of the authority granted by paragraph (f) any officer authorized in that behalf by the Governor by name or by office, may determine the minimum rate at which any commercial bank may buy spot exchange and the maximum rate at which any commercial bank may sell spot exchange.
- (iii) The provisions of paragraph (e) shall, *mutatis mutandis*, apply to, and in relation to, the minimum and maximum rates determined under this paragraph.
- (h) Where no determination is made under paragraph (g) with respect to any particular foreign currency, a commercial bank may buy, sell or carry out any transaction in such currency at rates calculated on the basis of the exchange rates for that currency in the international markets.
- (i) Where a determination is made under paragraph (g), as to the minimum and the maximum rates at which commercial banks may buy and sell spot exchange —
- (i) no commercial bank shall buy spot exchange at any rate below the minimum rate determined under that paragraph or sell spot exchange at any rate exceeding the maximum rate so determined; and no commercial bank shall in respect of the purchase or sale of such exchange accept any commission or impose any charge of any description except telegraphic or other costs actually incurred in connection with such purchase or sale, and
- (ii) no commercial bank shall carry out any transaction in exchange, not being a spot transaction, at any rate which differs from the rates determined under paragraph (g) by a margin greater than is reasonable having regard to the additional costs, expenses or risks of the transaction, or by such margin, if any, as may be prescribed in that behalf by the Governor.

- (j) A determination under paragraph (g), as to minimum and maximum rates shall have no application during any period in which the Monetary Board decides, under section 72, to suspend or restrict the sales of foreign exchange by the Central Bank."

3. Section 79 of the principal enactment is hereby amended by the insertion, immediately after subsection (2) of that section, of the following subsection :—

"(3) Where in consequence of a determination made under subsection (1) of section 76A, the provisions of sections 73, 74 and 76 cease to be of any force or effect, the provisions of subsections (1) and (2) of this section shall also cease to be of any force or effect, and accordingly, the Central Bank shall not assume any revaluation profits realized or revaluation losses incurred by any banking institution."



*Foreign Exchange Entitlement Certificates  
(Repeal) Law, No. 17 of 1977*

[Certified on 15th November, 1977]

**A LAW TO REPEAL THE FOREIGN EXCHANGE ENTITLEMENT CERTIFICATES ACT, NO. 28 OF 1968, AND TO PROVIDE FOR CERTAIN CONSEQUENTIAL MATTERS.**

1. This Law may be cited as the Foreign Exchange Entitlement Certificates (Repeal) Law, No. 17 of 1977.

2. (1) The Foreign Exchange Entitlement Certificates Act, No. 28 of 1968, is hereby repealed.

(2) Notwithstanding the repeal of the Foreign Exchange Entitlement Certificates Act, No. 28 of 1968, the following provisions shall apply in relation to every contract entered into with any commercial bank which remains unfulfilled on the midnight of November 15/16, 1977, for the purchase or the sale of Foreign Exchange Entitlement Certificates or for the purchase or sale of foreign exchange or for the purchase or sale of Foreign Exchange Entitlement Certificates and for the purchase or sale of foreign exchange in respect of any transaction where the person entering into such contract is entitled or required to purchase Foreign Exchange Entitlement Certificates in respect of such transaction :—

- (a) Where a person has entered into a contract with a commercial bank for the sale of foreign exchange and a contract for the issue of Foreign Exchange Entitlement Certificates in respect of the same transaction, such person shall be entitled to receive payment in Sri Lanka currency of an amount calculated at the exchange rate specified in the contract for the sale of foreign exchange and an amount equivalent to the value of the Foreign Exchange Entitlement Certificates calculated at the rate specified in the contract for the issue of Foreign Exchange Entitlement Certificates.
- (b) Where a person has entered into a contract with a commercial bank for the sale of foreign exchange in respect of any transaction but has not entered into a contract for the issue of Foreign Exchange Entitlement Certificates in respect of such transaction, being a transaction in respect of which he was entitled to the issue of Foreign Exchange Entitlement Certificates, such person shall, in respect of such transaction, be entitled to receive payment in Sri Lanka currency only of an amount calculated at the exchange rate specified in such contract and an amount equivalent to the value of the Foreign Exchange Entitlement Certificates to which such person would have been entitled, calculated at the rate which prevailed at the date of such contract.

- (c) Where any person has entered into a contract with a commercial bank for the issue of Foreign Exchange Entitlement Certificates in respect of any transaction, but has not entered into a contract for the sale of foreign exchange in respect of such transaction, such person shall in respect of such transaction, be entitled to receive payment in Sri Lanka currency only of an amount calculated at the exchange rate which prevailed on the date on which he entered into such contract, and an amount equivalent to the value of the Foreign Exchange Entitlement Certificates calculated at the rate specified in such contract.
- (d) Where a person has entered into a contract with a commercial bank for the purchase of foreign exchange and a contract for the issue of Foreign Exchange Entitlement Certificates in respect of the same transaction, such person shall be entitled to purchase foreign exchange calculated at the exchange rate specified in the contract for the purchase of foreign exchange and in the event of such purchase, he shall be required to pay in addition, an amount equivalent to the value of the Foreign Exchange Entitlement Certificates calculated at the rate specified in the contract for the issue of Foreign Exchange Entitlement Certificates.
- (e) Where a person has entered into a contract with a commercial bank for the purchase of foreign exchange in respect of any transaction but has not entered into a contract for the issue of Foreign Exchange Entitlement Certificates in respect of such transaction, being a transaction which required the surrender of Foreign Exchange Entitlement Certificates, he shall in respect of such transaction be entitled to purchase foreign exchange at the exchange rate specified in such contract provided that he pays in addition, an amount equivalent to the value of Foreign Exchange Entitlement Certificates calculated at the rate which prevailed at the date of such contract.
- (f) Where any person has entered into a contract with a commercial bank for the issue of Foreign Exchange Entitlement Certificates in respect of any transaction but has not entered into a contract for the purchase of foreign exchange in respect of such transaction, such person shall, in respect of such transaction, be entitled to purchase foreign exchange calculated at the exchange rate which prevailed on the date on which he entered into such contract provided that he pays an amount equivalent to the value of the Foreign Exchange Entitlement Certificates calculated at the rate specified in such contract.
- (3) All profits and losses and receipts and payments —
- (a) arising from the operation of the preceding provisions of this section; or
- (b) which but for the repeal of the Foreign Exchange Entitlement Certificates Act, No. 28 of 1968, would have been paid into, or out of, the Foreign Exchange Entitlement Certificate Account established under that Act,
- shall be paid into, or charged on, the Consolidated Fund.

3. (1) Where any hardship is caused to any person in consequence of the repeal of the Foreign Exchange Entitlement Certificates Act. No. 28 of 1968, in respect of any transaction not provided for in section 2 of this Law, it shall be competent to the Governor to issue to any commercial bank, such directions as he may deem just and equitable in the circumstances of the case :

Provided however, it shall not be competent for the Governor to issue any such direction on or after January 1, 1978, unless the person affected or his agent makes an application to the Governor for relief before such date.

(2) Any sum paid in pursuance of a direction issued under subsection (1) shall be a charge on the Consolidated Fund.

4. The Central Bank of Ceylon may issue directions for the purpose of carrying out or giving effect to the principles and provisions of this Law to commercial banks, authorized dealers, approved acceptors or other persons.

5. In this Law, unless the context requires—

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

“Foreign Exchange Entitlement Certificate” means a Foreign Exchange Entitlement Certificate issued by, or for and on behalf of, the Central Bank under the Foreign Exchange Entitlement Certificates Act, No. 28 of 1968;

“Governor” means the Governor of the Central Bank of Ceylon and includes a Deputy Governor.

*Appropriation Law, No. 25 of 1977*

[Certified on 27th December, 1977]

A LAW TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1978, 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. 25 of 1977.

2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees thirteen thousand five hundred and sixty million two hundred and sixty-five thousand one hundred and twelve, for the service of the period beginning on January 1, 1978, and ending on December 31, 1978, in this Law referred to as the "financial year 1978", 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 five thousand one hundred and fifty-five million.

The sum of rupees thirteen thousand five hundred and sixty million two hundred and sixty-five thousand one hundred and twelve 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 are 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 expenditure; 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, 1979, 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.