

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 1986 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA

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INLAND REVENUE (AMENDMENT) ACT, No. 27 OF 1986

(Certified on 5th September, 1986)

AN ACT TO AMEND THE INLAND REVENUE ACT, No. 28 OF 1979

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 27 of 1986.

2. Section 8 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as "the principal enactment") is hereby amended in paragraph (a) of that section as follows:—

(a) by the substitution, in sub-paragraph (xlviii) of that paragraph, for the words "Greater Colombo Economic Commission Law, No. 4 of 1978.", of the words "Greater Colombo Economic Commission Law, No. 4 of 1978;"; and

(b) by the addition, at the end of that paragraph, of the following:—

"(xlix) the President's Fund established by the President's Fund Act, No. 7 of 1978."

3. Section 15 of the principal enactment is hereby amended as follows:—

(a) by the substitution, in paragraph (s) of that section, for the words "Sri Lanka for re-export.", of the words "Sri Lanka for re-export;"; and

(b) by the addition, at the end of that section, of the following:—

"(t) any sum received by a person from the President's Fund established by the President's Fund Act, No. 7 of 1978."

4. Section 42 of the principal enactment is hereby amended by the insertion, immediately after paragraph (s) of that section, of the following paragraph:—

"(ss) the President's Fund established by the President's Fund Act, No. 7 of 1978;";

5. Section 54 of the principal enactment is hereby amended in paragraph (e) of subsection (1) of that section, by the substitution for the words "Government or to any local authority", of the words and figures "Government or to the President's Fund established by the President's Fund Act, No. 7 of 1978 or to any local authority".

6. The amendments made to the principal enactment by sections 2, 3, 4 and 5 of this Act shall be deemed, for all purposes, to have come into force on the date of commencement of the principal enactment.

PEOPLE'S BANK (AMENDMENT) ACT, No. 32 OF 1986

(Certified on 24th September, 1986)

AN ACT TO AMEND THE PEOPLE'S BANK ACT, No. 29 OF 1961

1. This Act may be cited as the People's Bank (Amendment) Act, No. 32 of 1986.

2. Sections 4 and 5 of the People's Bank Act, No. 29 of 1961 (hereinafter referred to as the "principal enactment") are hereby repealed and the following sections substituted therefor:—

"Purposes
of the
Bank

4. The purposes of the Bank shall be—

(1) to develop and assist—

- (a) the Co-operative Movement of Sri Lanka;
- (b) Rural Banking;
- (c) Agriculture and
- (d) Industry; and

(2) to carry on the business of a—

- (a) Commercial Bank;
- (b) Pawn Broker; and
- (c) Merchant Bank.

Powers
of the
Bank

5. (1) In carrying out its purposes, the Bank may exercise, perform and do all or any of the following powers, acts and things, subject however to the restrictions, qualifications and limitations set out in subsections (3) and (4) of this section:—

- (a) to establish, carry on, develop and extend in Sri Lanka and elsewhere the business of banking within all its branches and departments;
- (b) to grant short-term, medium-term and long-term loans, overdrafts, advances and other accommodations;
- (c) (i) to open, maintain and manage current, deposit savings and other accounts;
- (ii) to discount, buy, sell and deal in bills of exchange, promissory notes, hoondies, poorjas, coupons, drafts, bills of lading, warrants, debentures, certificates, scrip and other instruments and securities, whether transferable or negotiable or not transferable or not negotiable;

- (iii) to grant and issue letters of credit and circular notes;
- (iv) to buy, sell and deal in bullion and specie and engage in operations in exchange;
- (v) to negotiate loans and advances, to receive money, securities and valuables on deposit, or for safe custody, or otherwise;
- (vi) to collect and transmit money and securities;
- (d) to manage property and transact any kind of agency business which is normally transacted by bankers;
- (e) to borrow or raise money in such manner as the Bank shall think fit, and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon the whole or any part of the bank's property or assets whether present or future including its uncalled capital, and also by a similar mortgage, charge or lien to secure and guarantee the performance by the bank of any obligation or liability it may undertake;
- (f) to lend and advance money, securities and property or give credit to such persons, firms or companies and on such terms as may seem expedient and either with or without security, and if with security, upon such security and with such conditions as may from time to time be deemed to be advisable;
- (g) to buy, sell, invest, underwrite, deal in and dispose of stocks, shares, debentures, mortgages, bonds, or securities issued or guaranteed by the Government of Sri Lanka or by any company or corporation registered or having its principal place of business in Sri Lanka:

Provided, however, that the Bank shall not enter into any transaction affecting the stocks, shares, debentures, mortgages, bonds or securities issued or guaranteed by any such company or corporation except on the recommendation of the General Manager of the Bank and with the approval of the Directors of the Bank given by a resolution passed by not less than three-fifths of such Directors at a meeting of them at which any one of them who, or whose wife or dependent child, is a director or shareholder of that company or corporation shall not be present during the consideration of the resolution and shall not vote on the resolution;

- (h) to purchase, take on lease or in exchange, hire, or otherwise acquire, any immovable or movable property and any rights or privileges;
- (i) to mortgage, pledge, sell, give on lease or otherwise dispose of any immovable or movable property;
- (j) to enter into any arrangement for sharing profits, union of interest, co-operation, joint adventure, reciprocal concession or otherwise with any person or company carrying on or engaged in any business or transaction which the Bank is authorised to carry on or engage in;
- (k) to undertake and execute any trusts the undertaking whereof may seem desirable, and also to undertake the office of executor, administrator, receiver, treasurer, or registrar, and to keep for any company, Government, authority or body, any register relating to any stocks, funds, shares or securities, or to undertake any duties in relation to the registration of transfers, the issue of certificates, or otherwise;
- (l) to establish and support or aid in the establishment and support of associations, institutions, trusts, provident funds, schemes for the providing of pensions and of guarantee and other funds and conveniences calculated to benefit employees or ex-employees of the Bank or the dependents, heirs of such persons and to grant pensions and allowances, and to make payments towards insurance, and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object ;
- (m) to construct bulidings, on any land belonging to or taken on lease by the bank, and 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;
- (n) to do all or any of the above things in Sri Lanka or outside Sri Lanka as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise either by itself or in conjunction with others;
- (o) to take or agree to take all such steps and proceedings as may seem expedient for the purpose of upholding and supporting the credit of the bank, and to obtain and justify public confidence and to avert or minimize financial disturbances which might affect the bank;

(p) to facilitate the registration or recognition of such Bank in any country outside Sri Lanka;

(q) to give any guarantee or indemnity and to enter into any arrangements with any Government or any local authority in order to obtain any rights, concessions and privileges which are necessary for the exercise of its powers by the Bank;

(r) to form any company for carrying on any business the Bank is permitted to engage in, or for assisting or developing any business, or for enhancing the value of any property of the Bank, and to acquire and undertake the business of, purchase any interest in, or acquire or hold shares of stock in any company having objects similar to those for which the bank is authorized to form any company;

(s) to employ such officers and servants as may be necessary for carrying out the work of the Bank;

(t) to make rules in respect of the conditions of service and for the disciplinary control of the officers and servants of the Bank;

(u) to enter into contracts;

(v) to carry on the business of a pawn-broker subject to such conditions as may be prescribed;

(w) to provide technical assistance to any person to whom the Bank grants any loan, overdraft, advance or other accommodation and to undertake or sponsor the training of persons in assessing the value of land and the creditworthiness of borrowers, in assaying gold, in banking and in finance;

(x) to guarantee loans raised or to be raised by industrial, and agricultural enterprises from approved credit institutions;

(y) to acquire and undertake the whole or any part of the banking and discount business of any person or company carrying on business which the Bank is authorized to carry on:

Provided, however, that the above-mentioned powers shall be exercised subject to the approval of at least four Directors of the Bank given after considering the written observations of the General Manager of the Bank, and with the prior written approval of the Minister;

- (z) to sell, dispose of the entire undertaking of the Bank or any part thereof, for such consideration as the Bank may think fit, and in particular for shares, debentures or securities of any other bank or to amalgamate the Bank's business with that of any other Bank:

Provided, however, that the above-mentioned powers shall be exercised subject to the approval of at least four Directors of the Bank given after considering the written observations of the General Manager of the Bank and with the prior written approval of the Minister;

- (aa) to engage in hire-purchase business receive discounts, commissions and other remunerations; and
- (bb) to do all things incidental or conducive to achieve all or any of its objects, or necessary or for the exercise of its powers.

(2) The provisions of subsection (1) shall not, except where the context expressly so requires, be in any way limited or restricted by reference to, or inference from the provisions contained in any other paragraph or any power therein specified, and the powers thereby conferred shall not be deemed merely subsidiary or auxiliary to the powers mentioned in subsection (1) but the bank shall, except when the context expressly requires otherwise, have full powers to exercise all or any of the powers conferred by any paragraph of subsection (1) within Sri Lanka or in any country outside Sri Lanka.

(3) The funds of the Bank shall not be carried on subject to the following restrictions and qualifications:—

- (a) the funds of the Bank shall not be expended in the purchase of or dealing in its own shares, nor shall such funds be lent upon the security of its own shares.
- (b) no loan, overdraft, advance or other accommodation shall be granted by the Bank on the guarantee of an employee of the Bank to any person except to another employee of the Bank.

(4) All the powers contained in subsections (1) and (2) shall be read and construed subject to the restrictions and qualifications set out in subsection (3), and in case of conflict or inconsistency the provisions of subsection (3) of this section shall prevail.

(5) The Pawnbrokers Ordinance (Chapter 90) shall not apply to the Bank when the Bank carries on the business of a pawnbroker.”.

3. Section 29 of the principal enactment is hereby repealed and the following section substituted therefor:—

“Default of payment and penal interest in case of default.

29. (1) Where default is made in the payment of any sum due on any loan, overdraft, advance or other accommodation granted by the Bank on the mortgage of movable or immovable property, whether that sum is due on account of principal or interest or both, default shall be deemed to have been made in respect of the portion that remains unpaid of that loan, overdraft, advance or other accommodation and the interest due thereon upto date of default.

(2) 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 has been granted as may be prescribed:

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.”.

4. The following new sections are hereby inserted immediately after section 29, of the principal enactment and shall have effect as sections 29A, 29B, 29C, 29D, 29E, 29F, 29G, 29H, 29J, 29K, 29L, 29M, 29N, 29P, 29Q, 29R, 29S, and 29T, of that enactment:-

“Action by Board where default is made.

29A. 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 29B or in section 29D:

Provided, however, that where the Board has in any case taken action, or commenced to take action, in accordance with section 29B, nothing shall be deemed to prevent the Board at any time from subsequently taking action in that case by resolution under section 29D if the Board deems it advisable or necessary to do so.

29B. (1) Subject to the provisions of section 29E 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 mortgager 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.

29c. (1) Any person authorized by resolution of the Board under section 29B 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 subsection (2).

(2) Every person authorized by resolution of the Board under section 29B 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 mortgager for his maintenance;

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

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

29D. Subject to the provisions of section 29E, 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 29L, 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.

29E. (1) Save as otherwise provided in subsection (2), the provisions of section 29B and 29D 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 29B and 29D 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.

29F. Notice of every resolution under section 29D authorizing the sale of any property shall be published in the *Gazette* and in a daily newspaper, and copies of such notice shall be dispatched to the borrower, if he is alive, and to every person who has, in respect of that property, registered his address as required by law and, if that property consists of the interest of a lessee under a lease from the State, to the Land Commissioner.

29G. 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 29F.

(b) posted on or near the property which is to be sold.

29H. (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 subsection (2) of section 29 due thereon) and of the moneys and costs if any, recoverable by the Board under section 29L 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 29D 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 proviso to subsection (2) of section 29 due thereon) and of the moneys and costs, if any recoverable by the Board under section 29L 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 29D for the sale of that property.

29J. The Board may fix an upset price below which the property shall not be sold to any person other than the Bank.

29K. (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 Act 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 29D 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 Act shall apply accordingly.

(2) Nothing in sections 29A to 29K (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.

29L. 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 29s, all moneys paid to the State by the Board on such surrender as moneys due to the State by the Board on such surrender as moneys due to the State by the debtor under the said lease:

Provided 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.

29M. 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 29L, 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 into the District Court of the district in which the mortgaged property is situate.

29N. (1) If the mortgaged property is sold, the Board shall issue a certificate of sale and thereupon all the rights, 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 or 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 of the sale of any property, that all the provisions of this Act 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 29L; and
- (c) the property shall be resold in accordance with the provisions of this Act.

20p. (1) The purchaser of any immovable property sold in pursuance of the preceding provisions of this Act 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 29N, 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 Act in the occupancy of the debtor or of some person on his behalf or of some person claiming under a title created by the debtor subsequently to the mortgage of the property to the Bank, the District Court shall order delivery to be made by putting the purchaser or any person whom he may appoint to receive possession on his behalf, in possession of the property.

(4) Where any immovable property sold in pursuance of the preceding provisions of this Act is in the occupancy of a tenant or other person entitled to occupy the same, the District Court, shall order delivery to be made by affixing a notice that the sale has taken place, in the Sinhala, Tamil and English languages, in some conspicuous place on the property, and proclaiming to the occupant 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 section 288 of the Civil Procedure Code, and may be enforced in like manner as an order so made, the debtor and the purchaser being deemed, for the purpose of the application of any provision of that Code, to be the judgement-debtor and judgment-creditor, respectively.

29Q. Where the property sold has been purchased on behalf of the Bank, the Board may at any time before it re-sells 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, revest the said property in the debtor as though the sale under this Act had never been made.

29R. If the property so sold has been purchased on behalf of the Bank, and the sale is not cancelled under section 29Q, the Board may, at any time, re-sell the property and transfer to the purchaser by endorsement on a certified copy of the certificate referred to in subsection (3) of section 29N, 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.

29s. If at any sale in pursuance of the preceding provisions of this Act, the Bank has purchased any property sold for default in the payment of a loan, the Bank shall not hold such property for a longer period than it is necessary to enable the Bank to re-sell 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 re-selling 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.

29T. 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."

5. Section 30 of the principal enactment is hereby repealed.

6. Section 48 of the principal enactment is hereby amended as follows:—

(1) by the insertion immediately before the definition of the expression “approved societies” of the following new definitions—

“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;

“agricultural undertaking” means an undertaking for the purpose of the production of any agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry;”;

(2) by the insertion immediately after the definition of the expression “approved societies” of the following new definition:—

“approved credit institutions” shall have the same meaning as “credit institution” in section 88F of the Monetary Law Act, (Chapter 422) and includes such other institutions as the Board of Directors may, from time to time determine, to be approved credit institutions for the purposes of this act;”;

(3) by the omission of the definition of the expression “Cultivation Committee;”;

(4) by the insertion, immediately after the definition of the expression “co-operative society” of the following new definitions:—

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

(5) by the insertion immediately after the definition of the expression “general body of the Bank”, of the following new definitions:—

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

“industrial undertaking” means—

(a) an undertaking for the manufacture or production by mechanical means, of any articles, goods or materials, or for the subjection, by mechanical means, of any articles, goods or materials to any process, or for mining, or for printing, or for repairing machinery or vehicles or vessels; and

(b) an undertaking for transporting persons or goods;

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

(6) by the insertion immediately after the definition of the expression “medium-term loan” of the following new definition:—

“prescribed” means prescribed by rules made under this Act.’

APPROPRIATION ACT, NO. 45 OF 1986

(Certified on 31st December, 1986)

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1987, 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 Act may be cited as the Appropriation Act, No. 45 of 1986.

2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees fifty-five thousand seven hundred and sixty-nine million and ninety-seven thousand for the service of the period beginning on January 1, 1987, and ending on December 31, 1987, in this Act referred to as the “financial year 1987”, 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 twenty-seven thousand eight hundred and eighty-five million.

The sum of rupees fifty-five thousand seven hundred and sixty-nine million and ninety-seven thousand hereinbefore referred to may be expended as specified in the First Schedule to this Act.

(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 1987, from each activity specified in column I of the Second Schedule to this Act shall be credited to the account of such activity, and the aggregate of receipts so credited shall be not less than the minimum limit specified in the corresponding entry in column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year 1987.

(2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity.—

(a) the working, establishment and other expenses of the activity whether paid or accrued properly chargeable to the revenue of the activity; and

(b) provision to cover the depreciation of the movable and immovable property of the activity.

(3) The expenditure incurred by the Government, during the financial year 1987, on each activity specified in column I of the Second Schedule to this Act shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in column II of that Schedule.

(4) The debit balance, outstanding at the end of the financial year 1987, of any activity specified in column I of the Second Schedule to this Act shall not exceed the maximum limit specified in the corresponding entry in column IV of that Schedule, and the total liabilities of that activity at the end of that financial year shall not exceed the maximum limit specified in the corresponding entry in column V of that Schedule.

4. Whenever, at any time during the financial year 1987, the receipts of the Government from any activity specified in column I of the Second Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister 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 Act, 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 Act 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 May 31, 1988, by Order vary or alter—

- (a) any of the maximum limits specified in column II, column IV and column V of the Second Schedule to this Act;
- (b) the minimum limits specified in column III of the Second Schedule to this Act.

No Order made under this section shall have effect unless it has been approved by Parliament, by resolution.

Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making such Order as may be specified therein.

8. Parliament may, by resolution, amend the Second Schedule to this Act, by adding to the appropriate columns of that Schedule any activity and—

- (a) all or any of the maximum limits relating to such activity;
- (b) the minimum limit relating to such activity.