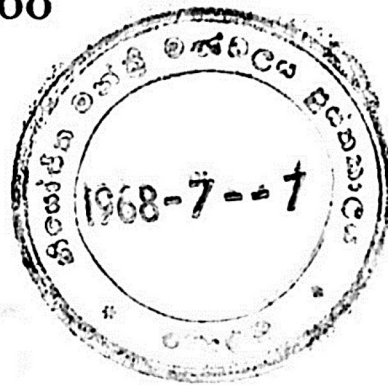


PARLIAMENT OF CEYLON

3rd Session 1967-68



Ceylon State Mortgage Bank and Finance (Amendment) Act, No. 33 of 1968

Date of Assent : June 22, 1968

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*Ceylon State Mortgage Bank and Finance
(Amendment) Act, No. 33 of 1968*

L. D.—O. 2/68.

AN ACT TO AMEND THE CEYLON STATE MORTGAGE
BANK ORDINANCE, AND THE FINANCE ACT, NO. 11
OF 1963.

[Date of Assent: June 22, 1968]

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows:—

1. (1) This Act may be cited as the Ceylon State Mortgage Bank and Finance (Amendment) Act, No. 33 of 1968.

Short title.

(2) The provisions of this Act, other than the provisions of the sections referred to in sub-section (3), shall come into operation on the date of enactment of this Act.

(3) The provisions of sections 31, 42 and 53 of this Act shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette*.

PART I.

AMENDMENTS TO THE CEYLON STATE MORTGAGE BANK
ORDINANCE.

2. Section 2 of the Ceylon State Mortgage Bank Ordinance, hereafter in this Act referred to as the "principal enactment", is hereby amended as follows:—

Amendment of
section 2 of
Chapter 398.

(1) by the insertion, immediately before the definition of the expression "the bank", of the following new definition:—

“ agriculture ” includes the raising of crops, horticulture, animal husbandry, poultry farming, dairy farming and bee-keeping; ’;

(2) by the omission of the definition of the expression "branch board":

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(Amendment) Act, No. 33 of 1968*

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

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

- (4) by the substitution, for the definition of the terms “director”, “member of a branch board”, “manager”, and “assistant manager”, of the following new definition:—

“ “director”, “general manager”, and “deputy general manager” means the persons appointed to such offices under this Ordinance; ’; and

- (5) by the insertion, immediately before the definition of the term “prescribed”, of the following new definition:—

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

Amendment of
section 3 of
the principal
enactment.

3. Section 3 of the principal enactment is hereby amended by the substitution, for all the words from “in Colombo” to the end of that section, of the words “to carry out the purposes of this Ordinance.”.

Replacement of
section 5 of
the principal
enactment.

4. Section 5 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

“ Head office
of the bank.

5. The head office of the bank shall be in Colombo. Such branch offices of the bank, as the board considers necessary, may, with the prior approval of the Minister, be established at places in Ceylon, other than Colombo. No branch office so established shall be closed except with like approval.”.

5. Section 7 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 7 of the principal enactment.

" Business of the bank.

7. The bank is, subject to the provisions of this Ordinance, authorized to carry on and transact the several kinds of business specified in section 51."

6. The following new section is hereby inserted immediately after section 9, and shall have effect as section 9A, of the principal enactment:—

Insertion of new section 9A in the principal enactment.

" Acts of the board not to be invalid by reason of any vacancy.

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

7. Section 15 of the principal enactment is hereby amended by the insertion, at the end of that section, of the following new sub-section:—

Amendment of section 15 of the principal enactment.

" (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 or absence from Ceylon or for any other cause, the Minister may appoint any other person to act in place of such director."

8. Section 16 of the principal enactment is hereby amended in the proviso to that section, by the substitution, for the expression "ten thousand rupees", of the expression "twenty-five thousand rupees".

Amendment of section 16 of the principal enactment.

9. Section 18 of the principal enactment is hereby amended as follows:—

Amendment of section 18 of the principal enactment.

(1) in sub-section (1) of that section, by the substitution, for the word "manager", of the expression "general manager";

(2) in sub-section (2) of that section, by the substitution, for the expression "assistant manager", of the expression "deputy general manager";

(3) in sub-section (3) of that section, by the substitution, for the expression "The manager and assistant manager", of the expression "The general manager and deputy general manager"; and

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- (4) in the marginal note to that section, by the substitution, for the expression "manager and assistant manager.", of the expression "general manager and deputy general manager."

Amendment of
section 19 of
the principal
enactment.

10. Section 19 of the principal enactment is hereby amended as follows:—

- (1) in sub-section (1) of that section—

(a) by the substitution, for the word "manager" wherever it occurs in that sub-section, of the expression "general manager"; and

(b) by the substitution, for the expression "if, with the approval of the Minister," of the word "if";

- (2) in sub-section (2) of that section,—

(a) by the substitution, for the expression "assistant manager", of the expression "deputy general manager"; and

(b) by the substitution, for the word "manager" wherever it occurs in that sub-section, of the expression "general manager"; and

- (3) in the marginal note to that section, by the substitution, for the expression "manager and assistant manager.", of the expression "general manager and deputy general manager."

Amendment of
section 21 of
the principal
enactment.

11. Section 21 of the principal enactment is hereby amended in paragraph (b) of the proviso to that section, by the substitution, for the expression "if, with the approval of the Minister given with the concurrence of the Minister of Finance, he", of the expression "if he".

Replacement of
section 22 of
the principal
enactment.

12. Section 22 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

" Legal, &c.,
advisers.

22. The board may, from time to time, appoint any duly qualified person or persons to act as legal, economic, financial or technical adviser to the bank,

and any such person shall be remunerated in accordance with such scale of fees as may be prescribed.”.

13. The principal enactment is hereby amended by the omission of the sub-heading “ (III) Branch Boards ” appearing immediately after section 23 of that enactment.

Omission of a sub-heading from the principal enactment.

14. Sections 24 to 30 (both sections inclusive) of the principal enactment are hereby repealed.

Repeal of sections 24 to 30 of the principal enactment.

15. Section 31 of the principal enactment is hereby amended by the substitution, for the expression “ manager, assistant manager,”, of the expression “ general manager, deputy general manager,”.

Amendment of section 31 of the principal enactment.

16. Section 34 of the principal enactment is hereby amended by the omission of the expression “ every member of a branch board,”.

Amendment of section 34 of the principal enactment.

17. Section 35 of the principal enactment is hereby amended, in paragraph (a) of that section, by the substitution, for the words “ the bank upon the security of mortgages ”, of the words “ the bank ”.

Amendment of section 35 of the principal enactment.

18. Section 51 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 51 of the principal enactment.

Kinds of business the bank is authorized to carry on and transact.

51. (1) Subject to the provisions of this Ordinance, 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 purpose of agriculture;

(ii) the purchase or lease, or the construction, repair or renewal, of any building, factory, mill, mine, machinery or equipment

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used, or to be used, in connection with any agricultural or other prescribed undertaking not inconsistent with the objects of the bank;

(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 other prescribed 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 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 finance, and to participate in, the share capital of corporations established or maintained with capital wholly or partly provided by the Government and engaged in agriculture;

- (d) to grant loans of money to any person for the purpose of carrying out any scheme approved by the Minister of Finance for the development of agriculture;
- (e) to carry on the business of hire-purchase in agricultural machinery, and equipment used in agriculture;
- (f) 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 other prescribed 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;
- (g) to act, with or without remuneration, as the technical adviser of any client of the bank, on any matter relating to any agricultural or other prescribed undertaking of such client;
- (h) to set up the necessary organization for selling or marketing any product of any agricultural or other prescribed undertaking;
- (i) 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;
- (j) 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;

(k) to make arrangements for the insurance of any property mortgaged to the bank by any client of the bank;

(l) to acquire and undertake the whole or any part of any business carried on in Ceylon by any person, being a business which the bank is authorized to carry on;

(m) with effect from such date as may be fixed by the Minister by Order published in the *Gazette*, to acquire the whole or any part or share of any agricultural, residential or business premises and dispose of such premises for the purpose of the administration of the provision of Chapter VA;

(n) 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;

(o) 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;

(p) 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 made any loan, or over which the bank may have any power of disposal;

(q) to give any guarantee or indemnity and to enter into any agreements with 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 any object of the bank;

(r) to issue debentures;

(s) to borrow or accept deposits from the Government, or the Central Bank, or other 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, with the concurrence of the Minister of Finance;

(t) to accept a contribution, not exceeding five million rupees, from the Government towards the reserve fund of the bank, subject to

such terms and conditions as may be mutually agreed upon by them;

(u) to establish and maintain any institute, or to participate in any scheme, for the provision of technical, financial and management services;

(v) to conduct economic surveys, studies and seminars;

(w) to train selected personnel of the bank and other persons in accountancy, banking and valuation, project and credit appraisal, and engineering and scientific skills;

(x) to give indemnities;

(y) to invest the funds of the bank in the shares, debentures or other appropriate securities of public or private companies engaged in agriculture;

(z) generally to take, or concur in taking, all such steps and proceedings 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.

(2) Any object or purpose mentioned in any paragraph of sub-section (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 sub-section, 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 Ordinance. '.

19. Section 52 of the principal enactment is hereby amended as follows:—

Amendment of section 52 of the principal enactment.

(1) by the repeal of sub-section (1) of that section;

(2) by the renumbering of sub-section (2) of that section as section 52;

(3) in renumbered section 52 of that enactment, by the substitution, for the expression "shall, for the purposes of sub-section (1) and of section 3, ", of the expression "shall, for the purposes of section 3,"; and

(4) by the substitution, for the marginal note to that section, of the following new marginal note:—

"Power to grant additional loans in certain circumstances."

20. Section 53 of the principal enactment, as amended by Act No. 17 of 1958, is hereby further amended as follows:—

Amendment of section 53 of the principal enactment.

(1) by the substitution, for the words "shall be granted unless", of the words "shall be granted on the mortgage of property unless"; and

(2) in paragraph (c) of that section, by the substitution, for the word "valid", of the word "satisfactory".

21. Section 54 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 54 of the principal enactment.

"Board's power to grant loans.

54. (1) No loan shall be granted except by a resolution of the board:

Provided, however, that the board may, under section 19, empower the general manager to grant loans up to any sum not exceeding twenty-five thousand rupees:

And provided further that no loan exceeding twenty-five thousand rupees shall be granted by a resolution passed by the favourable votes of less than three directors.

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(2) All loans granted by the general manager under the provisions of this section shall be reported to the board at its next meeting."

Amendment of
section 58 of
the principal
enactment.

22. Section 58 of the principal enactment is hereby amended as follows:—

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

" (1) Repayment of loans shall be made—

(a) half-yearly, quarterly or monthly by instalments or equated payments; or

(b) in accordance with such terms as may be determined by the board."; and

(2) by the substitution, for the marginal note to that section, of the following new marginal note:—

" Manner of repayment of loans."

Amendment of
section 60 of
the principal
enactment.

23. Section 60 of the principal enactment is hereby amended, by the substitution, for the word " board " wherever it occurs in that section, of the word " bank ".

Insertion of
new sections
61A to 61E in
the principal
enactment.

24. The following new sections are hereby inserted immediately after section 61 of the principal enactment under the sub-heading " (iv) Recovery ", and shall have effect as section 61A, section 61B, section 61C, section 61D and section 61E, of that enactment:—

" Action by
board where
default is
made.

61A. 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 61B or in section 61D:

Provided, however, that where the board has in any case taken action, or commenced to take action, in accordance

with section 61B, nothing shall be deemed to prevent the board at any time from subsequently taking action in that case by resolution under section 61D if the board deems it advisable or necessary to do so.

Authorization
of manager to
take possession
of mortgaged
property.

61B. Subject to the provisions of section 61E, 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, 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.

Procedure
where manager
is appointed.

61C. (1) Any person authorized by resolution of the board under section 61B 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 receive the rents, profits or other income from such property;
- (c) to pay the expenses incurred in the control and management of such property out of the income from such property;
- (d) 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;
- (e) 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 61B 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 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 mortgagor and return to him any balance remaining of the income from such property.

Authorization
of sale of
mortgaged
property.

61D. Subject to the provisions of section 61E, the board may by resolution to be recorded in writing authorize any person specified in the resolution to sell by public auction any immovable 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 63.

Where borrower
is dead.

61E. (1) Save as otherwise provided in sub-section (2), the provisions of sections 61B and 61D shall apply in the case of any default notwithstanding that the borrower may have died or that any right, title or interest whatsoever in the property mortgaged to the bank as security for the loan may have passed by voluntary conveyance or 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 61B and 61D shall not apply in the case of any default made by such borrower unless and until a person is appointed under this sub-section to represent the estate of such borrower."

25. Section 62 of the principal enactment is hereby amended as follows:—

Amendment of
section 62 of
the principal
enactment.

(1) by the repeal of sub-sections (1) and (2) of that section;

(2) by the renumbering of sub-section (3), sub-section (4), sub-section (5), sub-section (6) and sub-section (7) of that section as sub-section (1), sub-section (2), sub-section (3), sub-section (4), and sub-section (5), respectively, of that section;

(3) in renumbered sub-section (2) of that section—

(a) by the substitution, in paragraph (a) of that sub-section, for the expression “any penal interest”, of the expression “any penal or other interest payable under the proviso to section 103”;

(b) by the substitution, in paragraph (b) of that sub-section,—

(i) for the expression “equated payment”, of the expression “equated payment or other payment”;

(ii) for the expression “any penal interest”, of the expression “any penal or other interest payable under the proviso to section 103”;

(iii) for the expression “the board may, in”, of the expression “the bank may, in”; and

(iv) for the expression “sub-section (1)”, of the expression “section 61D”;

(4) by the repeal of renumbered sub-section (3) of that section, and the substitution therefor of the following new sub-section:—

“(3) (a) The board may fix an upset price below which the property shall not be sold to any person other than the bank.

(b) In fixing an upset price the board shall have particular regard both to the outstanding amount of the loan granted on the security of the property and the current value of the property.”;

(5) in renumbered sub-section (5) of that section, by the substitution, for the expression “this section”, of the expression “sections 61A to 68 (both sections inclusive)”; and

(6) by the substitution, for the marginal note to that section, of the following new marginal note:—

“Special provisions relating to sale.”.

26. Section 63 of the principal enactment is hereby amended in paragraph (b) of that section, by the substitution, for the proviso to that paragraph, of the following new proviso:—

Amendment of
section 63 of
the principal
enactment.

“ Provided, however, that the costs incurred under this paragraph shall not exceed such percentage of the loan as may, from time to time, be fixed by the bank; and ”.

27. Section 64 of the principal enactment is hereby amended, by the substitution, for the word “ board ”, wherever it occurs in that section, of the word “ bank ”.

Amendment of
section 64 of
the principal
enactment.

28. Section 66 of the principal enactment is hereby amended as follows:—

Amendment of
section 66 of
the principal
enactment.

(1) in sub-section (3) of that section, by the substitution, for the expression “ land sold in pursuance of the provisions of section 62 ”, of the expression “ property sold in pursuance of the preceding provisions of this Ordinance ”; and

(2) in sub-section (4) of that section, by the substitution,—

(a) for the expression “ in pursuance of the provisions of section 62 ”, of the expression “ in pursuance of the preceding provisions of this Ordinance ”; and

(b) for the expression “ the English and in the Sinhalese or Tamil language, ”, of the expression “ the Sinhala, Tamil and English languages, ”.

29. Section 67 of the principal enactment is hereby amended, by the substitution, for the expression “ nine *per centum* ”, of the expression “ the prescribed rate ”.

Amendment of
section 67 of
the principal
enactment.

30. Section 69 of the principal enactment is hereby amended, by the substitution, for the expression “ under section 62 ”, of the expression “ in pursuance of the preceding provisions of this Ordinance ”.

Amendment of
section 69 of
the principal
enactment.

Insertion of
new Chapter VA
in the principal
enactment.

31. The following new Chapter is hereby inserted immediately after Chapter V, and shall have effect as Chapter VA, of the principal enactment:—

‘ CHAPTER VA

THE ACQUISITION OF CERTAIN PREMISES
AND THE DISPOSAL OF SUCH PREMISES.

Administration
of this
Chapter.

70A. The bank shall be responsible for and charged with the administration of the provisions of this Chapter and shall, in the exercise, performance or discharge of any power, duty or function conferred or imposed upon or assigned to the bank by or under this Chapter, be subject to the general direction and control of the Minister.

Acquisition
of certain
premises.

70B. (1) Subject to the provisions of sub-section (2), the bank is hereby authorized to acquire the whole or any part or share of any agricultural, residential or business premises, if the bank is satisfied that those premises were, at any time not earlier than the first day of January, 1952,—

(a) sold in execution of a mortgage decree entered by a court against the owner of such premises (hereafter in this Chapter referred to as the “original owner”); or

(b) transferred by the owner of those premises (hereafter in this Chapter referred to as the “original owner”) to any other person in satisfaction of a debt which was due from the original owner or his predecessor in title to that other person and which was secured by a mortgage of those premises subsisting immediately prior to the transfer; or

(c) transferred by the owner of those premises (hereafter in this Chapter referred to as the “original owner”) to any other person, at the request of

a mortgagee of those premises, in satisfaction or part satisfaction of a debt which was due from the original owner or his predecessor in title to that mortgagee and which was secured by a mortgage of those premises subsisting immediately prior to the transfer; or

(d) transferred by the owner of such premises to any other person after receiving from such other person a sum of money as consideration for such transfer and upon the condition that, on the repayment by the transferor (hereafter in this Chapter referred to as the "original owner") of that sum with or without interest thereon within a specified period, such other person will re-transfer those premises to the original owner.

(2) No premises shall be acquired under sub-section (1)—

(a) if an application in that behalf had earlier been made to the People's Bank under Part VIII of the Finance Act, No. 11 of 1963, and such Bank had determined that such premises should not be acquired; or

(b) unless an application in that behalf has been made to the bank by the original owner of such premises or his spouse or children; or

(c) unless the bank is satisfied that the average statutory income of the original owner and of the other members of the family of which

he is the head, computed under the provisions of the written law relating to the imposition of income tax, for the three years of assessment immediately preceding the date on which such application was made, does not exceed a sum of ten thousand rupees; or

(d) if the bank is satisfied that the premises to which the application relates are reasonably required for occupation as a residence for the original owner of those premises or any member of the family of such owner or for the purposes of any trade, business, profession, vocation or employment of such owner or any member of his family and that such owner or member of his family has no other premises which could be used for the purpose for which the premises to which the application relates are being used; or

(e) unless, in the case of an application relating to any agricultural premises, the bank is satisfied that the original owner is not the owner of any other agricultural premises exceeding ten acres in extent.

For the purposes of paragraph (d) of this sub-section, "member of the family", when used in relation to any person, means the spouse of that person or any son or daughter of that person over eighteen years of age.

(3) Where the bank entertains an application for the acquisition of any premises referred to in sub-section (1), the bank shall—

(a) cause notice of the fact to be sent by registered post to the owner of such premises;

(b) cause a copy of such notice to be delivered or transmitted to the proper Registrar of Lands for registration, setting out the prescribed particulars relating to such premises and stating that such premises may be acquired under this Chapter.

Every notice under paragraph (b) shall be registered by the Registrar of Lands in the manner provided in the Registration of Documents Ordinance for the registration of an instrument affecting or relating to land and shall be deemed for such purposes to be an instrument affecting or relating to premises the prescribed particulars of which are set out in such notice:

Provided that, if the bank determines that such premises shall not be acquired for the purposes of this Chapter, the bank shall forthwith cancel such notice and give written information of the cancellation to the Registrar of Lands, who shall register such cancellation.

(4) (a) Where the owner of any premises receives a notice under sub-section (3) relating to an application in respect of the premises, such owner shall not sell, gift, transfer, lease, mortgage or otherwise alienate the premises unless or until such application is dismissed by the bank.

(b) Any sale, gift, transfer, lease, mortgage or other alienation of any premises in contravention of the provisions of paragraph (a) of this sub-section shall be null and void.

(5) No civil court shall entertain any action—

(a) in respect of any matter which is pending before the bank relating to any acquisition to be made under this Chapter; or

(b) in respect of the validity of the procedure followed by the bank relating to such acquisition, or to the validity of such acquisition.

(6) The question whether any premises which the bank is authorized to acquire under this Chapter should or should not be acquired shall be determined by the bank and every such determination of the bank shall be final and conclusive and shall not be called in question in any court.

(7) Where the bank has determined that any premises shall be acquired for the purposes of this Chapter, the bank shall—

(a) notify such determination to the owner of such premises; and

(b) cause a notice to be delivered or transmitted to the proper Registrar of Lands for registration, setting out the prescribed particulars relating to those premises and stating that those premises are to be acquired under this Chapter.

Every notice under paragraph (b) shall be registered by the Registrar of Lands in the manner provided in the Registration of Documents Ordinance for the registration of an instrument affecting or relating to land and shall be deemed for such purposes to be an instrument affecting or relating to the premises the prescribed particulars of which are set out in such notice.

Acquisition
procedure.

70c. (1) Where the bank has determined that any premises shall be acquired for the purposes of this Chapter, the chairman of the board shall cause such determination to be notified to the Minister.

(2) Upon being notified of the determination of the bank in respect of any premises the Minister may, by Order

(hereafter in this Chapter referred to as a "vesting Order") published in the *Gazette*, vest in the bank, with effect from such date as shall be specified in the Order, the premises to which such determination relates.

(3) Where a vesting Order under sub-section (2) in regard to any premises is published in the *Gazette*, such premises shall, with effect from the date specified in the Order under that sub-section, vest absolutely in the bank free from all encumbrances.

(4) Any person specially or generally authorized in that behalf by the chairman of the board may take possession of any premises vested in the bank by a vesting Order.

(5) The person who, under sub-section (4), is authorized to take possession of any premises vested in the bank by a vesting Order shall, by notice given to the person in occupation or in possession of such premises or exhibited in some conspicuous place in, or in the vicinity of, such premises,—

(a) inform that such authorized officer intends to take possession of such premises for and on behalf of the bank on such date and at such time and place as shall be specified in the notice; and

(b) require any person interested or his authorized agent to be present on the date and at the time and place so specified, and to allow and assist such authorized officer to take possession of such premises for and on behalf of the bank.

(6) Any notice required to be given to any person under sub-section (5) shall be deemed to be given to him if such notice is sent to him by registered letter through the post.

(7) Every person—

(a) who contravenes any requirement of any notice given to him under sub-section (5); or

(b) who—

(i) prevents, obstructs or resists, or

(ii) directly or indirectly causes anyone to prevent, obstruct or resist,

any other person from or in taking possession under the preceding provisions of this section of any premises for and on behalf of the bank,

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

**Revocation
of vesting
Order.**

70D. (1) Notwithstanding that any premises have vested in the bank by virtue of a vesting Order, the Minister may at any time by a subsequent Order published in the *Gazette* (hereafter in this section referred to as a “divesting Order”) revoke that vesting Order.

(2) The following provisions shall apply in any case where a vesting Order in respect of any premises is revoked by a divesting Order:—

(a) such premises shall be deemed never to have vested in the bank by virtue of that vesting Order, and any question which might arise as to any right, title or interest in or over such premises shall be determined accordingly; and

(b) all claims under this Chapter to the compensation payable in respect of such premises, and

all proceedings taken under this Chapter in regard to such claims, before that vesting Order was revoked, shall be deemed to be null and void; and

- (c) no compensation shall be payable under this Chapter in respect of the period prior to the revocation of that vesting Order during which such premises were vested in the bank.

(3) The preceding provisions of this section shall have effect notwithstanding anything in any other provision of this Ordinance or in any other written law.

Notice to persons entitled to make claims to the compensation payable under this Chapter in respect of any premises vested in the bank.

70E. Where any premises are vested in the bank, the chairman of the board shall, by notice published in the *Gazette* and in such other manner as may be determined by him, direct every person who was interested in such premises immediately before the date on which such premises were so vested, to make, within a period of one month reckoned from the date specified in the notice, a written claim to the whole or any part of the compensation payable under this Chapter in respect of such premises, and to specify in the claim—

- (a) his name and address;
(b) the nature of his interest in such premises;
(c) the particulars of his claim; and
(d) how much of such compensation is claimed by him.

Provisions to be complied with by the chairman of the board on receipt of claims to compensation.

70F. Upon the receipt of any claim made under section 70E to the compensation payable under this Chapter in respect of any premises vested in the bank, the chairman of the board shall cause the following documents to be sent to the claimant by registered letter through the post—

- (a) a copy of any such report in regard to the condition of the aforesaid premises as has been made

by or under the authority of the bank under any rule made under this Ordinance, if a copy of that report has not already been served on the claimant;

(b) a copy of any such assessment of the compensation payable under this Chapter in respect of the aforesaid premises as has been made by or under the authority of the bank;

(c) a notice requiring the claimant, within the time specified in the notice—

(i) to furnish to the bank a written statement setting out whether or not he agrees with the report referred to in the preceding paragraph (a) and the assessment referred to in the preceding paragraph (b) and, if he does not so agree, any objections that he may have to such report and assessment, and the grounds of such objections, and

(ii) to produce to the bank all documents, and in particular the documents in regard to the condition of the aforesaid premises, relied on by him in support of any such objection.

Reference to
the compen-
sation
tribunal for
an award as to
compensation
in respect of
any premises
vested in the
bank under
this Chapter.

70G. (1) The chairman of the board shall refer to the compensation tribunal for determination of the amount of the compensation payable in respect of any property vested in the bank under this Chapter and shall transmit to the tribunal all claims made to such compensation together with all documents furnished by the claimants in support of their claims,

and all documents, copies of which have been served on or transmitted to the claimants by the bank.

(2) A reference made under sub-section (1) to the compensation tribunal is hereafter in this Chapter referred to as a "reference for an award as to compensation".

Compensation
in respect
of premises
vested in
the bank
under this
Chapter.

70H. The amount of compensation to be paid under this Chapter in respect of any premises vested in the bank shall be either the actual amount for which such premises were purchased by, or transferred to, the owner thereof together with such interest thereon as may have been determined by the compensation tribunal, and an additional sum which is equal to the reasonable value of any subsequent additions and improvements made to such premises by any person who was interested in such premises before the publication of the vesting Order in regard to such premises or the market value of such premises, whichever is less.

When compen-
sation in
respect of
any vested
premises
accrues due.

70J. The compensation payable in respect of any premises vested in the bank under this Chapter shall be considered as accruing due from the date on which those premises were so vested.

Proportionate
payment of
compensation.

70K. (1) The amount of compensation to be paid to any person in respect of any premises vested in the bank under this Chapter shall be proportionate to the interest such person had in such premises on the date on which such premises were so vested.

(2) Where any premises are subject to a mortgage or lease at the time when those premises were vested in the bank under this Chapter, the rights of the mortgagee or of the lessee, shall, notwithstanding the provisions of sub-section (3) of section 70c, be limited to any sum paid under this Chapter as compensation in respect of those premises.

Interest on
compensation.

70L. Any compensation payable under this Chapter shall, from the date on which such compensation accrues due up to the date of payment, carry interest at such rate as may be determined by the bank with the concurrence of the Minister.

Right to
compensation.

70M. No compensation in respect of any premises vested in the bank under this Chapter shall be paid to any person under this Chapter unless such person is entitled to such compensation according to an award (hereafter in this Chapter referred to as an "award as to compensation") made by the compensation tribunal under this Chapter.

Provisions
for cases
where
compensation
is not
accepted, &c.

70N. Where any compensation payable to any person under this Chapter in respect of premises vested in the bank is not accepted by him when it is tendered to him or where such person is dead, cannot be found after diligent search, or is not known, it shall be paid to the District Court or the Court of Requests having jurisdiction over the place where such premises are situated, according as the amount of that compensation exceeds or does not exceed seven hundred and fifty rupees, to be drawn by the person or persons entitled thereto.

Constitution
of compensa-
tion tribunal.

70P. (1) There shall be established, for the purposes of this Chapter, a compensation tribunal consisting of ten members appointed by the Governor-General of whom at least five shall be persons with judicial or legal experience.

(2) A person shall be disqualified for appointment, or for continuing, as a member of the compensation tribunal if he is a Senator, a Member of Parliament, or a member of the board or an officer or an employee of the bank.

(3) A member of the compensation tribunal with judicial or legal experience shall be appointed to be the chairman,

and another member with similar experience shall be appointed to be the vice-chairman, of the tribunal by the Governor-General on the recommendation of the Minister.

(4) Every member of the compensation tribunal shall, unless he earlier vacates office or is removed therefrom by the Governor-General, hold office for a period of three years. Any member of the tribunal who vacates office by effluxion of time shall be eligible for reappointment.

(5) There shall be appointed a secretary to the compensation tribunal (hereafter in this Chapter referred to as the "secretary") and such other officers and servants as may be necessary for the performance of the work of the tribunal.

(6) The members, officers and servants of the compensation tribunal shall be remunerated at such rates as may be determined by the board.

Meetings of
the
compensation
tribunal.

70q. (1) The secretary shall, under the direction of the chairman or in his absence the vice-chairman of the compensation tribunal, convene meetings of the tribunal for the consideration and determination of references for awards as to compensation.

(2) The chairman or vice-chairman and four other members of the compensation tribunal shall be summoned to a meeting of the tribunal. Such other members shall be chosen by lot by the secretary. The quorum for a meeting of the tribunal shall be three members.

(3) Two separate meetings of the compensation tribunal may be convened and held at the same time to consider and determine different references for awards as to compensation.

(4) Where the chairman or the vice-chairman is summoned to a meeting of the compensation tribunal, the chairman or vice-chairman, as the case may be, shall preside at that meeting, and in the absence of the chairman or the vice-chairman the members of the tribunal summoned to and present at that meeting shall choose from themselves a chairman for the meeting.

(5) A member of the compensation tribunal who is interested in any matter which is the subject of a reference for an award as to compensation or who has been consulted as an advocate or proctor or in any other capacity in regard to that matter by or on behalf of any person interested therein shall not participate in any proceedings of a meeting of the tribunal on such reference.

(6) A meeting of the compensation tribunal may from time to time be postponed or adjourned.

Proceedings
before
compensation
tribunal.

70R. (1) Every reference for an award as to compensation shall be considered and determined at a meeting of the compensation tribunal.

(2) The secretary shall fix a date, time and place for the consideration and determination by the compensation tribunal of each reference for an award as to compensation.

(3) The secretary shall, in respect of every reference for an award as to compensation, keep a record of all such proceedings before the compensation tribunal as relate to that reference.

Power to
summon
witnesses, &c.

70S. (1) The chairman or vice-chairman of the compensation tribunal and, if the chairman or the vice-chairman is not presiding at any meeting of the tribunal, the chairman of that meeting shall, for the purposes of the consideration and determination of any

reference for an award as to compensation, have all the powers of a District Court—

- (a) to summon and compel the attendance of witnesses;
- (b) to compel the production of documents; and
- (c) to administer any oath or affirmation to witnesses.

(2) Every person giving evidence on any matter before a meeting of the compensation tribunal shall be bound to state the truth on such matter.

(3) Every person who attends a meeting of the compensation tribunal as a witness shall be paid as travelling and other expenses such sum as may be determined by the chairman of the meeting.

Determination
of the
compensation
tribunal.

70T. (1) The determination made at a meeting of the compensation tribunal on any matter considered at that meeting shall be deemed to be the determination of the tribunal on that matter.

(2) Where the members of the compensation tribunal who consider any matter disagree with regard to the determination of that matter, the determination of the majority of them shall be the determination of the tribunal on that matter, and, where the members are equally divided in their opinion, the determination supported by the chairman of the meeting by which that matter is considered shall be the determination of the tribunal on that matter.

(3) Every determination of the compensation tribunal shall contain the reasons therefor.

Compensation
tribunal may
regulate its
procedure at
meetings.

70U. Subject to the provisions contained in this Chapter in respect of procedure, the compensation tribunal may lay down the procedure to be observed at meetings of the tribunal.

The bank and claimants to compensation to be given an opportunity of being heard before the making of an award.

70v. Where a reference for an award as to compensation is made to the compensation tribunal, the tribunal shall, before making an award, give the bank and every person who has made a claim to compensation an opportunity of being heard either in person or by an agent authorized in that behalf.

Provisions in regard to evidence.

70w. (1) Where a copy of any report made by or under the authority of the bank in regard to the condition of any premises vested in the bank under this Chapter is served on any claimant to compensation in respect of such premises, then, in so far as that claimant is concerned, that report shall, in any proceedings relating to the claim of the claimant before the compensation tribunal, be prima facie evidence of the facts stated therein until the contrary is proved.

(2) Where a copy of the bank's assessment of compensation in respect of any premises is served on any claimant to such compensation, that assessment shall, in any proceedings relating to the claim of the claimant before the compensation tribunal, be prima facie evidence of the facts stated therein until the contrary is proved.

(3) Where a report in regard to the condition of any premises vested in the bank, or the bank's assessment of any compensation, is prima facie evidence of the facts stated therein under the preceding provisions of this section in any proceedings relating to a claim to compensation before the compensation tribunal, then, the claimant shall not be entitled to produce in those proceedings any document in support of any objection to such report or assessment unless that document had been produced to the bank as required by or under this Chapter.

An award as to compensation by the compensation tribunal on a reference.

70x. (1) Where a reference for an award as to compensation is made to the compensation tribunal in respect of any premises vested in the bank, the tribunal shall, after considering all such matters and hearing all such witnesses as may be necessary for the purpose and after complying with the provisions of section 70v and section 70w make, save as otherwise provided in sub-section (2), an award determining—

(a) whether or not each person who has made a claim to compensation is a person entitled to compensation, and if so, the capacity in which he is so entitled;

(b) the amount of the compensation payable in respect of such premises in accordance with the provisions of this Chapter; and

(c) the apportionment of the compensation among the persons entitled to compensation:

Provided that, where there is a dispute as to the persons entitled to such compensation or as to the apportionment of such compensation among the persons entitled to such compensation, the tribunal shall defer the making of an award and shall refer the dispute for decision to the District Court within whose jurisdiction such premises are situated and shall, after such Court or, in the event of an appeal, the Supreme Court makes its decision on such dispute, make an award in accordance with such decision.

(2) Any person who is dissatisfied with the decision of the District Court on a reference made to such Court under the proviso to sub-section (1) may appeal against such decision to the Supreme Court within the time and in the manner provided in the Civil Procedure

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Code for appeals against decrees in civil suits. The decision of the Supreme Court on any appeal to such Court under this sub-section shall be final.

(3) Where no person makes a claim to compensation in respect of any premises vested in the bank, it shall not be necessary to determine in the award under this section the matters specified in paragraphs (a) and (c) of sub-section (1) and to comply with the provisions of sub-section (4) relating to the giving of notice of the award to claimants to compensation.

(4) The compensation tribunal shall cause written notice of awards to be given to the bank and the claimants to compensation.

(5) An award of the compensation tribunal shall be final and shall not be called in question in any court.

Disposal of
premises
acquired by
the bank
under the
preceding
provisions
of this
Chapter.

70y. Any premises vested in the bank in consequence of an application made to the bank for the acquisition of such premises by any person entitled to make such application under the preceding provisions of this Chapter may be let by the bank to such person or where such person is dead, to the surviving spouse, if any, or any descendant of such person upon such terms as will enable the person to whom such premises are let to become the owner thereof after making a certain number of half-yearly payments as rent.

Powers of
entry, survey,
&c.

70z. Where the bank considers it necessary that an inspection, examination or survey should be made of any premises which the bank is authorized under this Chapter to acquire, it shall be lawful for any person authorized in that behalf by the chairman of the board, together with such persons, implements, materials, vehicles and animals as may be necessary, to enter upon and to take levels of such premises, and to do all

such other acts as may be necessary for the purpose of such inspection, examination or survey:

Provided, however, that no person shall enter or do any act upon any premises in pursuance of the powers conferred on him by the preceding provisions of this section unless he has given the owner or occupier of such premises at least seven days' written notice of his intention to enter such premises or to do such act thereon.

Power of bank
to call for
returns.

70AA. (1) The chairman of the board or any other person authorized in that behalf by such chairman may, by notice in writing, direct any person to furnish before a specified date to the bank or to such officer thereof as may be specified in the notice—

- (a) a return in the prescribed form containing the prescribed particulars relating to any such premises as are referred to in section 70B of which that person is, or was at any time, the owner; or
- (b) such information or explanation as the bank may require in respect of any particulars stated in any return furnished by that person; or
- (c) such documentary or other evidence as the bank may require for the purpose of verifying any particulars stated in any return or any information furnished by that person.

(2) Where any person has a plan of any premises referred to in section 70B, the chairman of the board or any other person authorized in that behalf by such chairman may by written notice direct that person to produce the plan before a specified date to such officer of the bank as is specified in the notice in order that the bank may verify the boundaries and extent of those premises.

may by written notice given in the same manner as a notice under section 70AA prohibit the owner or occupier of such premises from committing or permitting the commission of any damage to those premises or to any plantation, building or other structure on those premises, or any other act which will diminish the value of those premises.

(2) Where it is decided not to vest in the bank by vesting Order made under the provisions of this Chapter any premises in respect of which a notice has been given to any person under sub-section (1), the chairman of the board shall forthwith cancel that notice and give written information of the cancellation to that person.

(3) A person who contravenes a notice issued to him under sub-section (1) shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five hundred rupees.

Informality or
irregularity.

70cc. No informality or irregularity occurring in any matter or proceeding under this Chapter shall invalidate or affect the title to any land vested in the bank under this Chapter.

Financial
provisions.

70dd. All expenses incurred in the administration of this Chapter, including the remuneration to be paid to the members, officers and servants of the compensation tribunal and the sums to be paid as travelling and other expenses to persons attending a meeting of the tribunal as witnesses shall be met by the bank.

Interpretation.

70ee. In this Chapter unless the context otherwise requires—

“ agricultural premises ” means any property or premises which is used or capable of being used wholly or mainly for the purpose of agriculture or horticulture or for any purpose of

husbandry including the keeping or breeding of livestock, poultry, or bees and the cultivation of fruits, vegetables and the like;

“business premises” means any premises other than agricultural premises or residential premises;

“compensation tribunal” means the compensation tribunal established under this Chapter;

“market value”, with reference to any premises vested in the bank, means the price which those premises would have fetched in the open market on the date on which such premises were vested in the bank;

“person who was interested”, in relation to any premises vested in the bank, means a person who, immediately before the date on which such premises were vested, has an interest in such premises as owner, co-owner, mortgagee, lessee or otherwise, whether absolutely for himself or in trust for any other person;

“residential premises” means any premises for the time being occupied wholly or mainly for the purposes of residence;

“spouse”, when used with reference to any person, means the husband or wife, as the case may be, of that person and includes, in the case of a marriage by habit and repute or according to custom, any contracting party to such marriage;

“year of assessment” has the same meaning as in the Inland Revenue Act, No. 4 of 1963.’

32. Section 71 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 71 of the principal enactment.

"Accounts of the board.

71. The board shall cause the accounts of the bank to be kept in such form and manner as may be determined by the board."

33. Section 72 of the principal enactment is hereby repealed.

Repeal of section 72 of the principal enactment.

34. Section 73 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 73 of the principal enactment.

"Limitation on overdrawing of accounts.

73. No accounts of the bank shall be overdrawn to the extent of a greater sum than is authorized by the Minister with the concurrence of the Minister of Finance and the repayment of which is guaranteed by the Ceylon Government under the signature of the Minister of Finance."

35. Sections 74 to 80 (both sections inclusive) of the principal enactment are hereby repealed.

Repeal of sections 74 to 80 of the principal enactment.

36. Sections 82 to 85 (both sections inclusive) of the principal enactment are hereby repealed.

Repeal of sections 82 to 85 of the principal enactment.

37. Section 87 of the principal enactment is hereby repealed.

Repeal of section 87 of the principal enactment.

38. Section 87A of the principal enactment is hereby amended by the substitution, for the expression "the manager, the accountant and a majority of the directors, ", of the expression "the general manager, the accountant, a majority of the directors and the auditors, ".

Amendment of section 87A of the principal enactment.

39. Section 89 of the principal enactment is hereby amended by the substitution, for all the words from "the half-yearly " to "examine them with ", of the words "the annual statement of accounts, and he shall examine such statement and ".

Amendment of section 89 of the principal enactment.

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Amendment of
section 92 of
the principal
enactment.

40. Section 92 of the principal enactment is hereby amended, in sub-section (1) of that section, by the substitution, in paragraph (a) of that sub-section, for the expression "and privileges", of the expression "and privileges, the payment of bonuses to them".

Amendment of
section 93 of
the principal
enactment.

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

(1) in paragraph (a) of that sub-section, by the substitution,—

(a) for the expression "manager and assistant manager", of the expression "general manager and deputy general manager"; and

(b) for the expression "conditions of service", of the expression "conditions of service, the payment of bonuses to them"; and

(2) in paragraph (b) of that sub-section, by the substitution, for the expression "legal advisers,", of the expression "legal and other advisers,".

Amendment of
section 94 of
the principal
enactment.

42. Section 94 of the principal enactment is hereby amended in sub-section (1) of that section as follows:—

(1) by the substitution, in paragraph (d) (ii) of that sub-section, for the words and figures "and the additional purposes for which loans may be made under section 51;", of the words and figures "and the matters stated or required to be prescribed under section 51;";

(2) by the substitution, in paragraph (f) of that sub-section, for the words "on such loans.", of the words "on such loans;"; and

(3) by the insertion, at the end of that sub-section, of the following new paragraph:—

"(g) for carrying out or giving effect to the principles and provisions of Chapter VA, and for regulating any matter regarding the assessment and payment of any compensation, or any matter stated or required to be prescribed under Chapter VA. "

43. Section 98 of the principal enactment is hereby amended as follows:—

Amendment of section 98 of the principal enactment.

- (1) in sub-section (1) of that section, by the substitution, for the words “ A director or a member of a branch board ”, of the words “ A director ”; and
- (2) in the marginal note to that section, by the substitution, for the words “ directors, members of branch boards,”, of the word “ directors ”.

44. Section 99 of the principal enactment is hereby repealed.

Repeal of section 99 of the principal enactment.

45. Section 100 of the principal enactment is hereby amended by the substitution, in paragraph (iii) of sub-section (1) of that section, for the expression “ the manager ”, of the expression “ the general manager ”.

Amendment of section 100 of the principal enactment.

46. Section 102 of the principal enactment is hereby repealed, and the following new section substituted therefor:—

Replacement of section 102 of the principal enactment.

“ Custody and affixing of common seal.

102. (1) The common seal of the bank shall be in the custody of the general manager, and shall not be affixed to any instrument, except in the presence of the general manager or, in his absence, of the deputy general manager, and two directors, all of whom shall sign the instrument 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.”.

47. Section 103 of the principal enactment is hereby amended as follows:—

Amendment of section 103 of the principal enactment.

- (1) by the substitution, for the words “ Any mortgage bond ”, of the words “ Any instrument ”;
- (2) by the substitution, for the words “ equated payment,”, of the words “ equated or other payment,”;
- (3) by the substitution, for the words “ loan in respect of the half-year for which default has been made ”, of the word “ loan ”; and

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(4) by the insertion, at the end of that section, of the following proviso:—

“ 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.”.

Amendment of section 104 of the principal enactment.

48. Section 104 of the principal enactment is hereby amended, by the substitution, for the word “ board ” wherever it occurs in that section, of the word “ bank ”.

Insertion of new section 106A in the principal enactment.

49. The following new section is hereby inserted immediately after section 106, and shall have effect as section 106A, of the principal enactment:—

“ Chapter 81
and Act No. 10
of 1958, not
to apply to
the bank.

106A. The provisions of the Debt Conciliation Ordinance and the Conciliation Boards Act, No. 10 of 1958, 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 section.”.

Retrospective effect of sections 40 and 41 and validation of existing rules and payments made.

50. The amendments made in the principal enactment by sections 40 and 41 of this Act shall be deemed, for all purposes, to have had effect from October 1, 1948, and accordingly—

(a) the rules relating to the payment of bonuses to its manager, assistant manager, subordinate staff, and other officers and servants heretofore made by the board of directors of the Ceylon State Mortgage Bank shall be deemed to have been duly made under the principal enactment and to have been valid and effectual at all material times prior to the date of enactment of this Act;

(b) all payments of bonuses to its manager, assistant manager, subordinate staff and other officers and servants heretofore made by or on behalf of the bank, prior to the date of

enactment of this Act, shall be deemed to have been duly made under the powers conferred by the principal enactment; and

- (c) from the date of enactment of this Act, the said rules shall be in force as if they were rules duly made under the principal enactment, and may be amended, rescinded, added to or replaced by rules made under that enactment.

51. (1) Notwithstanding the change of designation of the office heretofore called the manager of the Ceylon State Mortgage Bank, the person, holding office as such manager on the day immediately prior to the date of enactment of this Act, shall continue in employment in the bank in the office of general manager until such time as he vacates the office of general manager.

Continuation
in employment
of manager,
assistant
manager of
the bank.

(2) Notwithstanding the change of designation of the office heretofore called the assistant manager of the Ceylon State Mortgage Bank, the person, holding office as such assistant manager on the day immediately prior to the date of enactment of this Act, shall continue in employment in the bank in the office of deputy general manager until such time as he vacates the office of deputy general manager.

52. Wherever in any provision of any other written law (other than the principal enactment), or of any notice, permit, communication, form or other document issued, made, required or authorized by or under the principal enactment or any other such law, the expression "manager of the Ceylon State Mortgage Bank", or the expression "assistant manager of the Ceylon State Mortgage Bank", occurs, there shall be substituted therefor the expression "general manager of the Ceylon State Mortgage Bank", or the expression "deputy general manager of the Ceylon State Mortgage Bank", as the case may be; and accordingly wherever in any such provision the abbreviation "manager" is used to denote the manager of the Ceylon State Mortgage Bank, or the abbreviation "assistant manager" is used to denote the assistant manager of the Ceylon State Mortgage Bank, such abbreviation shall be read and construed as a reference to the general manager of the Ceylon State Mortgage Bank, or the deputy general manager of the Ceylon State Mortgage Bank, as the case may be.

Amendment of
certain
written
laws, &c.

PART II.

AMENDMENT TO THE FINANCE ACT, No. 11 OF 1963.

Insertion of
new section 98A
in Act No. 11
of 1963.

53. The following new section is hereby inserted immediately after section 98, and shall have effect as section 98A, of Part VIII of the Finance Act, No. 11 of 1963:—

“ No application
under section
71 (2) to be
entertained on
or after the
date appointed
by the
Minister.

98A. Notwithstanding anything to the contrary in any other provision of this Part of this Act, no application under section 71 (2) of this Part of this Act shall be made to or entertained by the Bank on or after such date as may be fixed in that behalf by the Minister by Order published in the *Gazette*.”.