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2nd Session 1971-72



National Savings Bank Act, No. 30 of 1971

Date of Assent : August 31, 1971

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National Savings Bank Act, No. 30 of 1971

L. D.—O. 27/65.

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

[Date of Assent: August 31, 1971]

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

Short title and date of operation.

PART I

ESTABLISHMENT AND CONTROL OF THE NATIONAL SAVINGS BANK

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

Establishment of the National Savings Bank.

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

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

Seal of the Bank.

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

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

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Principal place
of business and
branches and
agencies of the
Bank.

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

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

Postmaster-
General to be
Official
Authority of
the Bank.

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

(2) The Postmaster-General—

(a) shall be the Official Authority; and

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

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

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

(5) Where the effect of any order of the Board under sub-section (4) is that any act or thing which may previously have been directly done by the Bank may be done by the Official Authority, or that any act or

thing which may previously have been done by that Authority may be done directly by the Bank, the order may include such transitional provisions as to the parties by and against whom legal proceedings are to be instituted or continued, and such transitional powers, if any, as may appear to the Board to be expedient.

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

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

(7) All powers, functions and duties which the Postmaster-General is empowered to exercise, discharge and perform under this Act or any other written law in his capacity as the Official Authority may be performed and exercised by any officer of the department of the Postmaster-General, or by any sub-postmaster, generally or specially authorized thereto in writing by the Postmaster-General in his capacity as that Authority, subject to his direction and control, for such period and to such extent, if any, as may be specified in such written authority.

(8) It shall be deemed at all times to have been, and to be, a condition of the employment of a member of the public service (including the Postmaster-General) that, in the event of his having been or being so employed in the department of the Postmaster-General, he was, and is, liable, whether with or without his consent, to exercise, discharge and perform any power, function and duty referred to in sub-section (7) which he is generally or specially authorized in

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writing to exercise, discharge and perform by the Postmaster-General in his capacity as the Official Authority, being a power, function and duty which he would have been liable to exercise, discharge and perform but for the repeal by this Act of the Ceylon Savings Bank Ordinance, the Ceylon Post Office Savings Bank Ordinance and the Savings Certificates Ordinance.

Members of the Bank.

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

Management of the Bank vested in the Board.

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

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

Board of Directors of the Bank.

8. (1) The Board shall consist of—

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

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

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

(d) four members appointed by the Minister.

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

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

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

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

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

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

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

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

Disqualifications for being appointed director.

(a) is a Senator or a Member of Parliament;
or

(b) is, under any law in force in Ceylon, found or declared to be of unsound mind; or

(c) is a person who, having been declared an insolvent or a bankrupt under any law in force in Ceylon or in any other country, is an undischarged insolvent or bankrupt; or

(d) is convicted of an offence involving moral turpitude and punishable with imprisonment for a term not less than six months; or

(e) is an employee of the Bank.

Remuneration
of directors.

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

Chairman of
the Board.

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

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

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

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

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

Quorum for any
meeting of the
Board.

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

Meetings of the
Board.

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

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

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

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

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

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

Disclosure of interest by a director.

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

Minutes of meeting of the Board.

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

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

Determination of question at meetings of the Board.

(2) No act or proceeding of the Board shall be invalid by reason only of the existence of any vacancy among the directors or any defect in the appointment of a director.

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

Powers of the Minister in relation to the Board.

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

Guarantee by
the Government
of Ceylon.

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

Expenses.

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

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

Establishment
of reserves.

20. (1) The Bank shall establish—

- (a) a general reserve;
- (b) an interest equalization reserve; and
- (c) such other special reserves for such purposes as the Board thinks fit.

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

Commence-
ment of
business by the
Bank.

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

Powers of
Secretary
to the
Treasury until
the commence-
ment of
business by the
Bank.

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

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

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

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

Acts commenced by the Secretary to the Treasury may be continued by the Board.

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

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

Person who may execute documents for and on behalf of the Government.

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

Receipts when valid.

PART II

APPOINTMENT OF STAFF AND AUDIT OF ACCOUNTS

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

Appointment and powers of general manager.

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

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

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

Subordinate officers.

Panel of
Valuers.

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

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

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

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

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

Provided, however, that it shall be lawful—

(a) for the Board, or

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

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

Advisers.

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

No liability
for damage or
loss caused
otherwise
than by
misconduct or
wilful default.

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

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

Officers to furnish security.

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

Reimbursement for expenses incurred on behalf of the Bank.

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

Declaration of secrecy.

(a) when required so to do—

(i) by the Board, or

(ii) by a court of law, or

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

(b) in the performance of his duties; and

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

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

34. Every director, general manager, auditor, secretary, adviser, or other officer or servant of the Bank shall, except when required to do so by a court or by any law, decline to answer any question concerning the business of the Bank which may be put to him on any occasion whatsoever, if he considers that the

Right to refuse to answer questions.

answer to such question would disclose or tend to disclose the secrets of the Bank or the business or affairs of any customer of the Bank.

Funds and schemes for benefit of officers and servants of the Bank and dependants.

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

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

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

Accounts of the Bank,

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

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

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

Audit

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

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

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

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

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

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

(b) stating whether the accounts referred to in the report are properly drawn up so as to exhibit a true and fair view of the affairs of the Bank;

(c) drawing attention to any item in the accounts which in his opinion may be of interest to the Senate and the House of Representatives in any examination of the activities and accounts of the Bank.

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

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

(a) an individual who, being a member of the Institute of Chartered Accountants of Ceylon, possesses a certificate to practise as an Accountant issued by the Council of that Institute; or

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

Documents to be transmitted to the Minister to be laid before the Senate and the House of Representatives.

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

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

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

PART III

BUSINESS OF THE BANK

GENERAL

Authorized business of the Bank.

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

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

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

- (a) undertake any activities whatsoever in connection with the promotion or mobilization of savings or the raising of the marginal propensity to save;
- (b) subject to the provisions of this Act, open and maintain deposit and savings accounts of such types as may be prescribed;

- (c) issue and deal with savings certificates under the provisions of this Act;
- (d) subject to the approval of, and the imposition of such conditions as may be laid down by, the Monetary Board, issue and deal with any other bonds, certificates or other instruments for the purpose of attracting savings;
- (e) purchase, take on lease or in exchange, hire or otherwise acquire, any immovable or movable property and any rights or privileges which the Bank may think necessary or convenient with reference to any business which the Bank is authorized to carry on or transact;
- (f) construct buildings on any land belonging to or taken on lease by the Bank, and improve, manage, develop, exchange, lease, mortgage, dispose of, sell, turn to account or otherwise deal with all or any part of the property and rights of the Bank;
- (g) with the approval of the Minister and subject to such terms and conditions as may be laid down by him by regulations made under this Act, conduct lotteries and prize competitions for the purpose of augmenting the funds of the Bank;
- (h) do all things incidental or conducive to the exercise of the above powers;
- (i) invest moneys lying in deposit and savings accounts and in funds and schemes established under section 35 in one or more of the following:—
 - (i) in any security, stock, debentures or Treasury bills of, or guaranteed by, the Government;
 - (ii) in any security, stock or debentures of any financial institution owned by the Government or in which not less than fifty *per centum* of the capital is owned by the Government;
 - (iii) in any other security, stock or debentures approved by the Minister in consultation with the Monetary Board;

- (iv) on a first mortgage of immovable property situated within any such area in Ceylon as may be approved by the Board, and having such title as is acceptable to the Board;
- (v) on deposit with the Government at a rate not less than the Treasury bill rate; and
- (vi) in any other manner prescribed by the Minister after consultation with the Monetary Board;

(j) with respect to the investment of moneys on a first mortgage of immovable property referred to in paragraph (i) (iv)—

(i) make provision in the deed of mortgage to charge penal interest upon failure to pay any instalment of capital repayable on the mortgage, or any interest, in terms of that deed; and

(ii) manage, supervise or control, with or without remuneration, or participate in the management, supervision or control, with or without remuneration, of any agricultural or other undertaking carried on in connection with such immovable property, where such management, supervision or control or such participation therein appears to the Board to be necessary in order to protect the interests of the Bank in such investment; and

(k) subject to the provisions of sub-section (4), grant loans to co-operative societies and approved institutions.

(3) Investment in securities, stock, debentures or Treasury bills of, or guaranteed by, the Government, shall constitute not less than sixty *per centum* or such lesser percentage, as the Minister may specify by Order published in the *Gazette*, of the moneys lying in deposit and savings accounts.

(4) The Bank shall not exercise the power to grant loans to co-operative societies and approved institutions—

(a) until the Minister approves the exercise of that power generally or in respect of any such class or description of co-operative societies

or approved institutions as he may from time to time specify by regulations made under this Act; and

(b) except in accordance with such terms and conditions as the Minister may lay down by regulations so made.

(5) In this section—

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

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

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

Accounts.

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

Interest on accounts.

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

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

(4) Where, in any year, the profits are insufficient to pay the minimum rate of interest specified in sub-section (2) or the varied minimum rate of interest referred to in sub-section (3), the deficit shall be paid from the Interest Equalization Reserve and, if the

funds to the credit of that Reserve are insufficient shall, to the extent of that insufficiency, be a charge on the Consolidated Fund.

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

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

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

Payments
other than
interest.

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

Accounts by
or on behalf
of minors.

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

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

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

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

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

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

Nominations
by persons
having a deposit
or savings
account.

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

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

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

(5) Upon the death of any person who has a deposit or savings account, and who has made a nomination under sub-section (1), the Bank shall communicate in writing by registered post with the Commissioner of Estate Duty informing him of the name and address of such person, the fact of his death, the name and address of the nominee and the amount of the moneys lying to the credit of the nominator at the time of his death, and inquiring whether any, and if so what, sum of money should be withheld against payment of estate duty in respect of such moneys.

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

(7) If no reply, specifying what sum of money should be withheld, is received by the Bank from the Commissioner of Estate Duty to the communication made under sub-section (5) within one month of the

date of posting or handing over of that communication, the Bank may take action as if no sum of money need be withheld.

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

(a) submits an affidavit stating that he is the nominee; and

(b) produces a certificate as to his identity from a person acceptable to the Bank.

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

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

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

Settlement
of disputes.

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

agreed upon by such arbitrators, and the award, order or determination made by the majority of the arbitrators shall be final and conclusive and binding on the Bank and the other party to the dispute.

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

Payment in
case of
incapacity.

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

Unclaimed
Deposits
Fund.

- (a) if such moneys aggregate to less than ten rupees, be transferred to a special reserve after notice, in such manner as the Bank may determine; and
- (b) if such moneys aggregate to ten rupees or more, be transferred, subject to the provisions of sub-section (2), to a fund called the "Unclaimed Deposits Fund", and such person or any person deriving title from him, shall have no claims to such moneys except in accordance with the provisions of this section.

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

date, to transfer the moneys lying in that account to the Unclaimed Deposits Fund under the provisions of sub-section (1).

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

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

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

Registered
address
and notices.

48. (1) Every person—

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

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

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

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

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

No director or employee of the Bank to guarantee loans.

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

Restrictions on loans to directors, &c.

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

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

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

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

Priority of charge created by loan granted by Bank.

Procedure on
default of
payment.

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

(2) (a) Save as otherwise provided in paragraph (b), the provisions of sub-section (1) shall apply in the case of any default notwithstanding that the borrower may have died or that any right, title or interest whatsoever in the property mortgaged to the Bank as security for the loan may have passed by voluntary conveyance or by operation of law to any other person.

(b) Where a borrower is dead and probate of his will or letters of administration to his estate have not been issued to any person, the District Court of Colombo or the District Court of the district in which the property mortgaged to the Bank by that borrower is situate, may, upon application made in that behalf by the Bank and after service of notice of the application on such persons, if any, as the court may order, and if satisfied that the grant of probate or the issue of letters of administration is likely to be unduly delayed, appoint a person to represent the estate of the borrower for the purposes of this section; and the provisions of sub-section (1) shall not apply in the case of any default made by such borrower unless and until a person is appointed under this paragraph to represent the estate of such borrower.

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

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

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

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

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

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

(6) In any case where two or more loans have been granted by the Bank on the security of the same property and default is made in the payment of any sum due upon one or more of such loans, the provisions of this section shall apply notwithstanding that default may not have been made in respect of the other loan or of any of the other loans, and the Bank may,

in any such case, by resolution of the Board under sub-section (1) authorize the sale of the property for the recovery of the total amount due to the Bank in respect of both or all the loans, as the case may be, and the provisions of this Act shall apply accordingly.

Recovery of expenses and costs incurred by the Bank.

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

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

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

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

Payment of excess.

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

Certificate of sale.

55. (1) If the mortgaged property is sold the Bank shall sign a certificate of sale and thereupon all the right, title, and interest of the debtor to and in the

property shall vest in the purchaser, nor shall any person claiming through or under any disposition whatsoever of the debtor's right, title, or interest to and in the property made or registered subsequently to the mortgage of the property to the Bank be able in any court of law to move to invalidate the sale for any cause whatsoever or to maintain any right, title or interest to or in the property as against the purchaser.

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

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

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

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

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

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

56. (1) The purchaser of any property sold in pursuance of the provisions of section 52 shall, upon application being made to the District Court of Colombo or the District Court having jurisdiction over the place where the property is situate, and upon

Order for
delivery of
possession.

production of the certificate of sale issued in respect of the property under section 55, be entitled to obtain an order for delivery of possession of the property.

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

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

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

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

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

Cancellation
of sale.

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

Resale by
Bank.

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

Limit of
retention of
property by
Bank.

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

60. For the purpose of deciding whether any immovable property tendered as security for a loan should or should not be accepted, the Bank shall have access without fee or charge to the valuation roll of any local rating or taxing authority, and the officers

Power of Bank
to inspect
valuation rolls
of local
rating or
taxing
authority.

of every such authority shall upon application supply to the Bank full particulars as to any valuation of property in respect of which such authority is empowered under the provisions of any law to levy any rate or tax.

Meaning of property.

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

Bank not precluded from other methods of recovery.

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

SAVINGS CERTIFICATES

Authority to borrow money by the issue of Ceylon Savings Certificates.

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

Authority to issue Ceylon Savings Certificates.

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

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

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

Notification of purchase price, surrender values, &c.

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

- (a) the denomination or denominations of the savings certificates which are to be issued;
- and

(b) the purchase price and the surrender value of a certificate of each such denomination.

66. (1) Savings certificates may be issued in accordance with such rules as may be made in that behalf, to—

Persons to whom savings certificates may be issued.

(a) an individual;

(b) a co-operative society;

(c) a society or association which, in the opinion of the Bank, is a thrift, benefit, benevolent or provident society or association;

(d) an approved savings group;

(e) any person or body of persons on behalf of any place of religious worship, or on behalf of any institution or association which is maintained for educational or cultural or recreational or charitable purposes and is of a prescribed class or description; or

(f) any other prescribed body of persons.

(2) The decision of the Bank as to whether any society or association is a thrift, benefit, benevolent or provident society or association, as the case may be, shall be final and conclusive.

67. No savings certificate shall be issued to any individual unless he is resident in Ceylon on the date of the issue of such certificate:

Special provisions relating to the issue of savings certificates to individuals.

Provided that a savings certificate may, in accordance with such rules as may be made in that behalf, be issued—

(a) to a minor who is resident outside Ceylon if the parent, guardian, curator or trustee of that minor is resident in Ceylon on the date of the issue of such certificate; or

(b) to a person who is not a minor and is resident outside Ceylon, in such circumstances and subject to such conditions as may be prescribed by the aforesaid rules.

68. (1) The aggregate of the denominational values of all savings certificates held at any time by any person or body of persons shall not exceed such limit as may be prescribed; and no savings certificate shall at any time be issued so as to increase the holding of any such person or body of persons beyond the limit so prescribed.

Limits of holdings.

(2) The power to make rules prescribing the limits referred to in sub-section (1) shall be deemed to include the power to prescribe different limits for different classes of persons or for different classes of savings certificates.

Transfer, hypothecation, &c., of savings certificates to be null and void.

69. The right, title and interest of the purchaser of a savings certificate, other than a bearer certificate, shall not be assigned, donated, hypothecated, sold, transferred or otherwise disposed of by the purchaser in any manner whatsoever; and any such assignment, donation, hypothecation, sale, transfer or disposition shall not be recognized by the Bank and shall for all purposes be null and void:

Provided that the preceding provisions of this section shall not affect or be deemed to affect—

(a) the right of the Bank, in accordance with such rules as may be made in that behalf, to issue a new savings certificate in any case where the purchaser of a savings certificate desires to gift his rights thereunder; or

(b) the right of the purchaser of any savings certificate to assign such certificate by way of security for the payment of moneys which may be or become due to the Government or to any local authority, or as security for the purposes of section 2 of the Public Officers (Security) Ordinance; or

(c) the right of the purchaser of any savings certificate to assign such certificate by way of security to the Bank for a loan; or

(d) the right of the purchaser of a savings certificate of such class or description as may be declared by rules to be assignable, to assign any certificate of such class or description in the prescribed manner to any person.

Issue of new savings certificate or payment of surrender value on death of purchaser.

70. (1) Rules may be made providing, in the event of the death of the purchaser of a savings certificate—

(a) for the issue of a new savings certificate to any person proved to the satisfaction of the Bank to be an heir or legatee of the deceased purchaser; or

(b) for the payment, to the executor of the last will of the deceased purchaser or to the administrator of his estate or to any heir, of a sum equivalent to the surrender value of that savings certificate.

(2) Any new savings certificate issued and any payment made under this section by the Bank shall be and shall operate for all purposes as a complete discharge of the obligations of the Bank in respect of any savings certificate issued to the deceased purchaser or of any money payable on the surrender of the certificate.

(3) Nothing in this Act or in any rule made thereunder shall affect or be deemed to affect the right of the Commissioner of Estate Duty, under any law for the time being in force, to receive from the Bank the surrender value, at the time of the death of any deceased purchaser, of any savings certificate forming part of the estate of such purchaser.

71. (1) Where any savings certificate is seized or sequestered in execution of a decree or order of any court the Fiscal effecting the seizure or sequestration shall forward the savings certificate to the Bank which shall cancel such certificate and pay the surrender value thereof as on the date of seizure or sequestration to the credit of the action in which that decree was entered or order made.

Seizure or
sequestration
of savings
certificates.

(2) Where the Fiscal, in the execution of a decree or order entered or made against any person who is the purchaser of a savings certificate or in sequestering the property of any such person under a mandate of sequestration issued by any court, is unable for any reason to obtain possession of the savings certificate, the amount of the surrender value of that certificate shall be deemed to be a debt not secured by a negotiable instrument due from the Bank as debtor to the purchaser as creditor; and the provisions of section 229 of the Civil Procedure Code shall apply accordingly:

Provided that the Bank shall not incur any liability or be subject to any penalty by reason only of the fact that the surrender value of any savings certificate is paid to the purchaser thereof after the service of a prohibitory notice under section 229 of the Civil Procedure Code, if such payment was *bona*

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fide made by any person on behalf of the Bank by error or accident or in ignorance of the fact of the service of such prohibitory notice.

Surrender of
savings
certificates.

72. (1) On the surrender of a savings certificate (other than a savings certificate in respect of which a prohibitory notice has been served on the Bank under section 229 of the Civil Procedure Code) in the prescribed manner and at a prescribed place, the purchaser shall be entitled to receive the surrender value of that certificate at the time of such surrender:

Provided that where a savings certificate is issued on the condition, to be set out on the face of that certificate, that it is not to be surrendered before such period as may be specified thereon, the purchaser of that certificate shall not be entitled to surrender that certificate or to receive the surrender value of that certificate before the expiry of that period.

(2) Where, for the purposes of this section, any place outside Ceylon is prescribed as a place at which savings certificates may be surrendered, the Bank may make and it is hereby authorized to make such arrangements as may be necessary to enable savings certificates to be surrendered at that place.

Bank not
affected by
notice of
trust.

73. No notice of any trust in respect of a savings certificate shall be receivable by the Bank.

Savings
stamps.

74. (1) For the purposes of this Act the Commissioner of Stamps may, with the consent of the Monetary Board, provide special stamps (hereinafter referred to as "savings stamps") of such values as the Monetary Board may determine.

(2) Rules may be made providing that payments on account of the purchase price of savings certificates of prescribed denominational values may be made by means of savings stamps affixed to books or cards or otherwise in the prescribed manner.

(3) The provisions of sections 248 to 256, both inclusive, of the Penal Code shall apply to savings stamps in like manner as those provisions apply to stamps issued by the Government for the purposes of revenue.

PART IV

GENERAL

75. The payment of the principal of any loans and payments in respect of deposit and savings accounts and the surrender value of savings certificates shall be made out of the funds of the Bank.

Certain payments to be made from the funds of the Bank.

76. In the event of the Bank being short of liquid funds to meet withdrawals from deposit or savings accounts or the redemption of savings certificates, the Bank is hereby authorized to borrow from the Central Bank against Government securities.

Loans from the Central Bank.

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

Appointment of public officers to the staff of the Bank.

(2) Where an officer in the public service is temporarily appointed to the staff of the Bank—

(a) he shall be subject to the same disciplinary control as any other member of such staff;

(b) if, at the time of his temporary appointment to the staff of the Bank, his substantive post in the public service was a post declared to be pensionable under the Minutes on Pensions—

(i) he shall, while in the employ of the Bank, be deemed to have been absent from duty in the public service on grounds of public policy, and accordingly section 10 (i) of those Minutes shall apply to him, and

(ii) in respect of him the Bank shall pay out of the funds of the Bank to the Deputy Secretary to the Treasury to be credited to the Consolidated Fund for every complete month during which he is in the employ of the Bank such sum not exceeding twenty-five *per centum* of the salary payable to him in his

substantive post in the public service as may be determined by the Minister; and

- (c) if, at the time of his temporary appointment to the staff of the Bank, he was a contributor to the Public Service Provident Fund established under the Public Service Provident Fund Ordinance, his services to the Bank shall, for the purpose of that Ordinance, be deemed to be service to the Government; and accordingly he shall, while he is in the employ of the Bank, continue to pay to the Public Service Provident Fund such contributions as he was liable under that Ordinance to pay, and in respect of him the Bank shall pay at the close of each financial year out of the funds of the Bank to the Deputy Secretary to the Treasury to be credited to that officer's account in the Public Service Provident Fund a sum equivalent to such contribution as the Government is liable to pay to the Public Service Provident Fund in respect of him.

(3) Where an officer in the public service is permanently appointed to the staff of the Bank—

(a) he shall be deemed to have left the public service;

(b) if, at the time of his permanent appointment to the staff of the Bank, his substantive post in the public service was a post declared to be pensionable under the Minutes on Pensions—

(i) he shall be eligible for such an award under those Minutes as might have been made to him if he had been retired from the public service on the ground of ill health on the date of his permanent appointment to the staff of the Bank,

(ii) the amount of any such award made under those Minutes shall not be paid to him unless his employment in the staff of the Bank is terminated by retirement on account of age or ill health or by the abolition of the post held by him in such staff or on any other ground approved by the Minister of Finance, and

(iii) in the event of his death while in the employ of the Bank, such an award as might have been made in respect of him under those Minutes if he had died immediately before his permanent appointment to the staff of the Bank may be made in respect of him; and

(c) if, at the time of his permanent appointment to the staff of the Bank, he was a contributor to the Public Service Provident Fund established under the Public Service Provident Fund Ordinance, he shall, for the purpose of that Ordinance, be deemed to have left the service of the Government upon the determination of contract with the consent of the Government otherwise than by dismissal.

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

78. Nothing in the Debt Conciliation Ordinance or the Conciliation Boards Act, No. 10 of 1958, shall apply or be deemed to apply to any debt due to the Bank, or to prejudice or affect the rights of the Bank in respect of the recovery of any such debt.

Debt Conciliation Ordinance and Conciliation Boards Act, No. 10 of 1958, not to apply to debts due to the Bank.

79. Nothing in the Lotteries Ordinance or the Prize Competitions Act, No. 37 of 1957, shall apply to any lottery or prize competition, as the case may be, conducted by the Bank under this Act.

Lotteries Ordinance and Prize Competitions Act not to apply to lotteries and prize competitions conducted by the Bank.

80. Notwithstanding anything in the Stamp Ordinance, any instrument or document whatsoever required or authorized to be made or executed by the Bank, and any instrument or document made or executed by any other party in respect of withdrawals from deposit or savings accounts and redemption of savings certificates, in pursuance of the

Exemption from stamp duty.

provisions of this Act or any rule made thereunder, and any instrument or document whatsoever made or executed in connection with the business of the Bank by the Bank, other than a certificate of sale under section 55, shall be exempt from the payment of duty under that Ordinance.

Exemption of interest from income tax.

81. Notwithstanding anything in any other written law, no income tax shall be payable by any person upon the interest paid by the Bank to that person on moneys, not exceeding an amount generally specified by the Minister by Order published in the *Gazette*, lying in an account to the credit of that person.

Offences.

82. Any person who—

(a) contravenes or fails to comply with any provision of this Act or rule made thereunder; or

(b) obstructs any person in the exercise, performance or discharge of any power, duty or function under this Act or any rule made thereunder,

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

Offences by bodies of persons.

83. Where an offence under this Act is committed by a body of persons, then—

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

(b) if the body of persons is other than a body corporate, every member of that body,

shall be deemed to be guilty of such offence:

Provided, however, that no such director, officer or member shall be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

84. (1) The Board may make rules for the purpose of carrying out or giving effect to the principles and provisions of this Act. Rules.

(2) Without prejudice to the generality of the powers conferred by sub-section (1), the Board may make rules for or in respect of all or any of the following matters:—

- (a) all matters stated or required by this Act to be prescribed or for which rules are authorized to be made by this Act;
- (b) the appointment, promotion, remuneration, disciplinary control and conduct of the officers and servants of the Bank and the grant of leave to them;
- (c) the forms to be used for any of the purposes of this Act;
- (d) with the concurrence of the Monetary Board, the types of accounts and the specification of the classes of persons having deposit and savings accounts;
- (e) the maximum of deposit and savings accounts in respect of each person or class of persons;
- (f) the use of pass books or any similar documents by persons who have deposit and savings accounts;
- (g) facilities for the drawing of cheques by persons who have accounts subject to such restrictions and qualifications as may be specified by the Monetary Board, including restrictions with regard to the type of accounts, the class of depositors, the maximum amount of each drawing and the frequency of drawings;
- (h) the times at which pass books shall be returned to the Bank by persons who have accounts;
- (i) the maximum limit of loans granted by the Bank on the mortgage of immovable property;
- (j) the circumstances in which such loans may be granted or refused;
- (k) the amount, and the manner of payment of interest, and repayment of capital, in respect of such loans;
- (l) the rates of penal interest, the circumstances in which the same shall be charged, and other matters connected therewith;

- (m) the terms, conditions and restrictions subject to which savings stamps and savings certificates may be issued;
- (n) the issue and surrender of savings certificates, the persons by whom such certificates may be issued, the places at which such certificates may be issued or surrendered, and the procedure to be adopted in connection with such issue and surrender;
- (o) the circumstances in which, and the terms, conditions and restrictions subject to which substitute certificates or new certificates may be issued, the fees to be charged for the issue of such certificates, and the procedure to be adopted in connection with the issue and surrender of such certificates;
- (p) the cancellation of savings certificates which have been issued in error or in place of which substitute certificates or new certificates have been issued, the repayment of the purchase price or the surrender value of certificates issued in error, and the circumstances in which the purchase price of certificates issued in error may be forfeited;
- (q) the circumstances in which a savings certificate issued to an approved savings group may be surrendered before such certificate is acquired by a member of that group, and the steps to be taken and the procedure to be followed when a member of an approved savings group acquires a savings certificate issued to that group; and the procedure for disposal and the manner of disposal of the surrender value of any savings certificate issued to an approved savings group, in any case where the Bank is of opinion that the savings group has ceased to exist or that the objects for which the group was formed are no longer being carried out;
- (r) the mode of assignment of savings certificates in cases referred to in paragraph (a) of the proviso to section 69, and the steps to be taken and the procedure to be followed upon such assignment or upon surrender of any certificate so assigned;

- (s) the denominational value of savings certificates which may be assigned by the purchaser thereof, the persons to whom such certificates may be assigned by the purchaser, and the steps to be taken and the procedure to be followed upon the issue, assignment or surrender of any such certificate;
- (t) the procedure to be followed where the loss, theft or destruction of a savings certificate takes place or is discovered after the death of the purchaser thereof; the persons to whom and the circumstances in which a new certificate will be issued in such a case; and the mode of payment of the surrender value of any certificate so lost, stolen or destroyed;
- (u) the payment of the surrender value of a savings certificate where the purchaser thereof is of unsound mind;
- (v) the settlement in a summary manner of disputes between the Bank and the purchaser of a savings certificate or a person claiming to be entitled to a savings certificate;
- (w) the charges payable by persons for services rendered by the Bank;
- (x) matters relating to, connected with, or incidental to, the lotteries and prize competitions conducted by the Bank;
- (y) all other matters not herein before mentioned concerning the business of the Bank;
- (z) all matters connected with the establishment of the Bank, and the transfer to the Bank of the undertakings carried on by the board of directors of the Ceylon Savings Bank, the trustees of the Ceylon Post Office Savings Bank and the Postmaster-General under the Ceylon Post Office Savings Bank Ordinance and the Postmaster-General under the Savings Certificates Ordinance in respect of which—
 - (i) no provision is made by this Act; or
 - (ii) the provisions of this Act require to be modified or supplemented; and
- (aa) all matters connected with or incidental to the matters aforesaid.

(3) Every rule made under this Act by the Board shall be published in the *Gazette*, and shall come into operation on such date as may be specified in such rule or, if no such date is so specified, on the date of such publication.

Regulations.

85. (1) The Minister may make regulations for all matters for which regulations are authorized to be made under this Act.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on such date as may be specified in the regulation or if no such date is so specified on the date of such publication.

(3) Every regulation made by the Minister shall be brought before the Senate and the House of Representatives as soon as may be after the publication thereof by a motion that such regulation be approved.

(4) Any regulation which the Senate or the House of Representatives refuses to approve shall be deemed to be rescinded but without prejudice to the validity of anything previously done thereunder. The date on which the regulation shall be deemed to be rescinded shall be the date on which the Senate or the House of Representatives refuses to approve the regulation.

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

Repeal of certain laws, dissolution of certain institutions, and consequential provisions.

86. (1) The Ceylon Savings Bank Ordinance, the Ceylon Post Office Savings Bank Ordinance and the Savings Certificates Ordinance are hereby repealed with effect from such date after the date of commencement of business by the Bank as may be fixed for the purposes of this Act by the Minister by Order published in the *Gazette*.

(2) With effect from the date of the repeal of the Ordinances specified in sub-section (1)—

(a) the rights, obligations, assets and liabilities of the Ceylon Savings Bank and the Ceylon Post Office Savings Bank and in respect of the Savings Certificates Fund on the day

immediately preceding that date shall be the rights, obligations, assets and liabilities of the Bank;

- (b) all deposits in the Ceylon Savings Bank and the Ceylon Post Office Savings Bank shall be deemed to be moneys lying, for the same period of time for the purpose of calculating interest, to the credit of persons in whose names the deposits are, on the day immediately preceding that date, in deposit and savings accounts of such type as the Board may determine;
- (c) every entry made in any depositor's book under the Ceylon Savings Bank Ordinance, or the Ceylon Post Office Savings Bank Ordinance shall be deemed to be an entry made under this Act and the rules made thereunder;
- (d) the investments made in the name of the board of directors of the Ceylon Savings Bank, the investments made by the board of trustees of the Ceylon Post Office Savings Bank and the investments made and the loans granted by the trustees of the Savings Certificates Fund shall be deemed to be investments made by the Bank under this Act;
- (e) every post office appointed by the Postmaster-General to be an office for the transaction of the business of the Ceylon Post Office Savings Bank under the Ceylon Post Office Savings Bank Ordinance and every office deemed under sub-section (2) of section 4 of that Ordinance to be an office of the Ceylon Post Office Savings Bank shall be deemed to be a branch office for the transaction of the business of the Bank appointed by the Official Authority under sub-section (2) of section 5 of this Act on terms and conditions as far as may be, inclusive of remuneration, subsisting immediately prior to that date;
- (f) any savings certificate issued under the Savings Certificates Ordinance shall be deemed to be a savings certificate issued under this Act as regards surrender value and all other terms, conditions and restrictions subject to which it was issued;

- (g) any savings stamp issued by the Commissioner of Stamps for the purposes of the Savings Certificates Ordinance shall in all respects be deemed to be a savings stamp issued by him for the purposes of this Act;
- (h) an approved savings group under the Savings Certificates Ordinance shall be deemed to be an approved savings group under this Act;
- (i) an authority by resolution of the House of Representatives to borrow money by the issue of savings certificates under the Savings Certificates Ordinance shall be deemed to be an authority by the Monetary Board under section 63 of this Act for the Bank to borrow the like sum;
- (j) a direction under sub-section (2) of section 3 of the Savings Certificates Ordinance by the Minister charged with the administration of the subject and function of savings certificates to the Postmaster-General to borrow any sum of money by the issue of savings certificates shall be deemed to be an authority by the Monetary Board under sub-section (2) of section 64 of this Act for the Bank to borrow the like sum;
- (k) the regulations and notifications made under the Savings Certificates Ordinance shall be deemed to be rules and notifications made under this Act;
- (l) the officers and servants of the Ceylon Savings Bank shall be deemed to be officers and servants of the Bank on conditions not less favourable than those subsisting immediately prior to that date:

Provided that where the Bank is unable to offer suitable employment to any such officer or servant the Bank shall pay compensation to such officer or servant on such scale as may be prescribed;

- (m) the obligation of the Ceylon Savings Bank to pay pensions and allowances to retired officers and servants of that Bank shall be deemed to be the obligation of the Bank;

- (n) all contracts, deeds, bonds, agreements and other instruments which subsist or have effect immediately prior to that date and to which the board of directors of the Ceylon Savings Bank, the trustees of the Ceylon Post Office Savings Bank or the Postmaster-General acting under the provisions of the Ceylon Post Office Savings Bank Ordinance, or the trustees of the Savings Certificates Fund or the Postmaster-General acting under the provisions of the Savings Certificates Ordinance are a party, other than any contract of employment with any public servant or any officer or servant of the Ceylon Savings Bank or the Ceylon Post Office Savings Bank, shall have effect against or in favour of the Bank, as the case may be, as fully and effectively as if, instead of such board of directors or trustees or the Postmaster-General, the Bank had been a party thereto;
- (o) all suits, appeals or other legal proceedings instituted by, or against, the board of directors of the Ceylon Savings Bank, the trustees of the Ceylon Post Office Savings Bank or the Postmaster-General acting under the provisions of the Ceylon Post Office Savings Bank Ordinance or the trustees of the Savings Certificates Fund or the Postmaster-General acting under the provisions of the Savings Certificates Ordinance and pending immediately prior to that date shall not abate or be discontinued or be in any way prejudicially affected by reason of such repeal, and accordingly may be continued and enforced by, or against, the Bank.

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

Interpretation.

“agency” means an agency appointed by the Bank;

“appointed director” means a person who is appointed to be or to act as a director;

“approved savings group” means any body of persons declared in writing by the Minister or by an officer authorized in that behalf by the Minister to be an approved savings group for the purposes of this Act and any rule made thereunder;

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

“ certificate ”, “ savings certificate ” or “ Ceylon Savings Certificate ”, means a certificate which is issued or deemed to be issued under this Act by the Bank to any person on payment of the purchase price on the condition that such person, by virtue of the said payment, becomes entitled, on surrender of that certificate, to receive its surrender value at the time of such surrender;

“ Chairman ” means the Chairman of the Board;

“ commercial bank ” means any person or body of persons, corporate or unincorporate, which carries on in Ceylon the business of accepting from the public, or of creating, demand deposits, but does not include the Central Bank;

“ director ” means a member of the Board;

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

“ lottery ” includes any undertaking in the nature of a lottery;

“ Minister ” means the Minister of Finance;

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

“ Panel of Valuers ” means the Panel of Valuers appointed by the Board under this Act;

“ Postmaster-General ” means the person for the time being appointed to be, or to act as, the Postmaster-General of Ceylon;

“ prescribed ” means prescribed by rules made under this Act;

“ prize competition ” means any competition in which prizes are awarded and for the participation in which a fee is charged but does not include a lottery;

“ purchase price ”, when used with reference to a savings certificate, means the sum of money paid or to be paid for that savings certificate at the time of the issue thereof;

“purchaser”, when used with reference to a savings certificate—

(a) in the case of a savings certificate which is issued to an approved savings group and which has not been acquired by a member of that group, means the approved savings group to which that certificate is issued;

(b) in the case of a savings certificate which is issued to an approved savings group and which has been acquired by a member of that group, means the member who acquires that certificate from that group;

(c) in any other case, means the person or body of persons to whom a savings certificate is issued under this Act;

“rule” means a rule made by the Board under this Act ;

“surrender value”, when used with reference to a savings certificate, means the sum of money which at any time the purchaser of that certificate is entitled to receive on the surrender thereof.

88. Section 83 of the Monetary Law Act is hereby amended as follows:—

Amendment of section 83 of the Monetary Law Act (Chapter 423).

(1) in sub-section (1) of that section, by the substitution, for the words “commercial banks and the Co-operative Federal Bank of Ceylon, Limited,”, of the words “commercial banks and the National Savings Bank, ” ; and

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

(a) by the substitution, for the words “to any commercial bank or to the Co-operative Federal Bank of Ceylon, Limited,”, of the words “to any commercial bank or to the National Savings Bank, ”; and

(b) by the substitution, for the words “by such commercial bank or the Co-operative Federal Bank of Ceylon, Limited,”, of the words “by such commercial bank or the National Savings Bank, ”.

Amendment of
section 21 of
the Trusts
Ordinance
(Chapter 87).

89. Section 21 of the Trusts Ordinance is hereby amended as follows:—

- (1) by the substitution, for all the words from “shall be deemed to preclude,” to the end of that section, of the words “shall be deemed to preclude a deposit of trust money in a Government Savings Bank or in the National Savings Bank.”; and
- (2) in the marginal note to that section, by the substitution, for the words “in Government Savings Bank.”, of the words “in Government Savings Bank or National Savings Bank.”.