



PEOPLE'S BANK (SPECIAL PROVISIONS)

LAW, No. 25 OF 1978

OF

THE NATIONAL STATE ASSEMBLY

[Certified on 3rd July, 1978]

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*People's Bank (Special Provisions)
Law, No. 25 of 1978*

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L. D.—O. 27/78.

A LAW TO MAKE PROVISION REGARDING THE DIRECTORS OF THE PEOPLE'S BANK HOLDING OFFICE ON THE DAY PRECEDING THE DATE OF COMMENCEMENT OF THIS LAW, AND TO AMEND THE PEOPLE'S BANK ACT, No. 29 OF 1961.

BE it enacted by the National State Assembly of the Republic of Sri Lanka as follows:—

1. This Law may be cited as the People's Bank (Special Provisions) Law, No. of 1978.

2. Every person holding office as a director of the Board of Directors of the People's Bank on the day immediately preceding the date of commencement of this Law, whether such person was appointed or elected to such office or holds such office by virtue of the provisions of paragraph (a) of subsection (1) of section 8 of the People's Bank Act, No. 29 of 1961, shall, notwithstanding anything in the aforesaid Act, cease to hold such office on the date of commencement of this Law.

In this section "the People's Bank" means the People's Bank established by the People's Bank Act, No. 29 of 1961.

3. The People's Bank Act, No. 29 of 1961, is hereby amended as follows:—

(a) by the repeal of section 8 of that Act and the substitution therefor of the following section:—

8. (1) The Board shall consist of eight directors appointed by the Minister.

(2) A person shall be disqualified for being appointed or continuing as a director if he—

(a) is a member of the National State Assembly; or

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

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

Directors
of the
People's
Bank holding
office on day
preceding
the date of
commencement
of this Law
to cease
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on the date
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of this Law.

Amendments
to the
People's
Bank
Act, No. 29
of 1961.

** Board of
Directors.

- (d) is convicted of an offence involving moral turpitude and punishable with imprisonment for a term of not less than six months; or
- (e) is a director or employee of a commercial bank other than the Bank.

(3) Any director may resign from office by letter in that behalf addressed to the Minister.

(4) The Minister may, by Order published in the *Gazette*, remove a director from office without assigning a reason therefor and such removal shall not be called in question in any court. A director in respect of whom an Order is made under this subsection shall be deemed to have vacated office on the date of publication of that Order in the *Gazette*.

(5) A director shall, subject to the provisions of subsections (3) and (4), hold office for a period of three years from the date of his appointment to such office:

Provided that a director appointed in place of a director who dies or resigns or otherwise vacates office, shall, unless he earlier vacates office, hold office for the unexpired part of the term of office of the director whom he succeeds.

(6) Where any director becomes, by reason of illness, infirmity or absence from Sri Lanka, temporarily unable to discharge the functions of his office, the Minister may appoint another person to act as director in his place.

(7) Any director other than a director who has been removed from office under subsection (4) shall be eligible for re-appointment.

(8) All or any of the directors may be paid such remuneration out of the funds of the Bank as may be determined by the Minister.

(9) The quorum for any meeting of the Board shall be five.

(10) Subject to the provisions of subsection (9), the Board may regulate the procedure in regard to the meetings of such Board and the transaction of business at such meetings.

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

(b) in section 9 of that Act, by the repeal of subsection (4) of that section; and

(c) by the repeal of section 10 of that Act and the substitution therefor of the following new section:—

“ The
Chairman
of the
Board. ”

10. (1) The Minister shall appoint a Chairman of the Board from among the Directors.

(2) If the Chairman of the Board is by reason of illness, infirmity or absence from Sri Lanka, temporarily unable to perform the duties of his office, the Minister may appoint another director to act in his place.

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

(4) The Chairman of the Board may resign from the office of Chairman by a letter in that behalf addressed to the Minister.

(5) The Chairman of the Board shall, unless he earlier vacates the office of Chairman by resignation or removal, hold that office as long as he is a director.”.