

No. 32.—1884.

An Ordinance to provide for the issue of Government Paper  
Currency.

ARTHUR GORDON.

**W**HEREAS it is expedient to provide for the issue of Government Paper Currency in this Colony : Be it therefore enacted by the Governor of Ceylon, by and with the advice of the Legislative Council thereof, as follows :—

Preamble.

1. This Ordinance may be called "The Ceylon Paper Currency Ordinance, 1884," and it shall extend to the whole of the Colony of Ceylon.

Short title.

*Government Paper Currency.*

Interpretation  
clause.

2. The expressions "Colonial Secretary," "Treasurer," and "Auditor-General" mean the persons for the time being lawfully discharging the functions of such officers, and the expression "the Commissioners" means the Commissioners of Currency hereinafter created.

Commissioners of  
Currency.

3. A Board of Commissioners of Currency for the Colony shall be established for the purposes of this Ordinance, and shall consist of the Colonial Secretary, the Treasurer, and the Auditor-General, ~~or persons to be nominated by the Governor temporarily instead of any of them.~~

Commissioners  
may issue  
Government notes.

4. There shall be transferred by the Colonial Treasurer to the Commissioners coin legally current, or coin and securities as hereafter provided, and thereupon it shall be lawful for the Commissioners from time to time to provide, issue, and re-issue promissory notes of the Government of Ceylon payable to bearer on demand equal to the whole amount of coin and securities in the hands of the Commissioners. Such notes shall be for the respective sums following; viz. :—

Five rupees.  
Ten rupees.  
Fifty rupees.  
One hundred rupees.  
Five hundred rupees.  
One thousand rupees.

Notes to be signed  
by two  
Commissioners.

5. Every such note shall bear the signatures or facsimiles of the signatures of any two of the Commissioners holding office at the date borne on the note.

Notes to be called  
"currency notes,"  
and holders may  
demand rupees for  
them. 13 1900

6. Such notes shall be called "currency notes" and shall be payable only at the office of the Commissioners, Colombo. The holders of currency notes shall be entitled to obtain on demand at the said office silver rupees of India in exchange for such notes, but no other coin.

Notes to be legal  
tender.

7. Every currency note shall be legal tender for the amount expressed thereon in payment or on account of—

- (a) Any revenue or other claim to the amount of five rupees and multiples of five rupees, due to the Government of Ceylon;
- (b) Any sum of five rupees and multiples of five rupees, due by the Government of Ceylon or by any body corporate or person in Ceylon.

Oriental Bank  
notes not to be  
received after  
the 31st day of  
March, 1885.

8. From and after the thirty-first day of March, 1885, the Oriental Bank Corporation note issue for this Colony which was in circulation on the morning of the 3rd day of May, 1884, and which was guaranteed by the Government of this Colony, shall cease to be recognized as equivalent to money by the Government of this Colony, and the guarantee given by the Government as aforesaid shall at such period absolutely cease and determine, and any loss in respect of the said notes shall thereafter fall absolutely on the holder or holders of such note or notes: Provided, however, that nothing herein contained shall affect any

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claim to set-off which any debtor of the Oriental Bank Corporation may be entitled to in respect of any of the said notes.

9. At any time after the fifteenth day of February, 1885, and until the aforesaid thirty-first day of March, 1885, the Commissioners shall, on the demand of any body corporate or person other than the Liquidator of the Oriental Bank Corporation or his agents, issue currency notes in exchange for the amount thereof in notes of the Oriental Bank Corporation: Provided, however, that no currency notes shall be so issued in respect of any note of the Oriental Bank Corporation that was not in circulation on the 3rd day of May, 1884, and guaranteed as aforesaid. All payments made by the Liquidator of the Oriental Bank Corporation on account of the guaranteed notes of the said Corporation shall form part of the ordinary revenues of the Colony, and such payments shall be devoted solely to the satisfaction and discharge of the notes guaranteed by the Government, or to the reduction of the loan raised for the redemption of these notes, or to a sinking fund for the repayment of the loan.

After the 15th day of February, 1885, Commissioners to exchange Oriental Bank notes for Government notes.

10. It shall be the duty of the Commissioners to hand over all notes of the Oriental Bank Corporation received under the provisions of the preceding section to the proper authorities for verification and payment of dividends due thereon.

Oriental Bank notes received under last section to be deposited in Treasury.

11. From and after the first day of April, 1885, the Commissioners shall, on the demand of any person, issue currency notes in exchange for the amount thereof in silver rupees of India. (✓)

Commissioners to issue Government notes in exchange for silver coin.

12. The Commissioners shall retain a reserve in silver coin of one-half at the least of the amount of currency notes in circulation. The said reserve shall be from time to time, at such times as the Governor shall appoint, verified by a Board of Survey. (✓)

Commissioners to retain a reserve of one-half in silver coin of the notes in circulation.

13. The Governor, with the advice of the Executive Council shall also cause a sum, not exceeding the value of one-half of the currency notes in circulation, to be invested in Indian Government securities, and such securities of the Government of the United Kingdom or of the Government of any British Colony other than Ceylon, as may from time to time be approved of by the Secretary of State for the Colonies: Provided that not more than one-half of such sum shall be invested in Indian Government securities, except by the express sanction of the Secretary of State.

Governor and Executive Council to direct investment of one-half of the value of notes in circulation.

14. The said reserve in ~~silver~~ coin and securities shall be appropriated and set apart to provide for the satisfaction and discharge of the said currency notes; and the said currency notes shall be held to have been issued on the security of the said coin and securities as well as on the general credit of the Government of Ceylon.

Reserve in silver to be set apart to satisfy notes.

15. All such investments shall, if made in England, be made in the joint names of the Crown Agents for the Colonies and of such other officers or persons as Her Majesty's Secretary of State aforesaid shall appoint as Trustees on behalf of the Commissioners. Investments made in India in Indian Government securities shall be made in the names of the Commissioners.

How investments to be made.

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Investments may be sold or varied if directed by the Governor.

16. Any portion of the aforesaid investments may, if directed by the Governor, be sold by the persons in whose names they have been made, and the proceeds of such sale applied to keep up the aforesaid reserve of ~~silver~~ coin, or in the purchase of other securities authorized by this Ordinance.

When Commissioners will be authorized to sell out securities.

17. If at any time the specie held by the Commissioners as mentioned in section 12 should be reduced below one-half of the notes in circulation, it shall not be necessary for the Commissioners (except by the special directions of the Governor) to sell and realize any of the said securities, unless and until the amount of specie in their hands shall be less than one-third of the notes in circulation at the time. Provided that no further investment in the said securities shall be made until the reserve mentioned in section 12 shall amount to one-half at the least of the amount of currency notes in circulation.

How dividends and interest to be dealt with. Depreciation fund.

18. All dividends, interest, or other revenue to be derived from the said investments shall be paid to such person as shall be nominated in that behalf, and the said dividends, interest, or revenue shall form part of the ordinary revenues of the Colony, excepting the sum of one per centum which shall be appropriated annually on the whole amount of such investments, and shall form a fund to cover any eventual risk of depreciation in value of the investments aforesaid, and which for all the purposes of this Ordinance shall be termed a "Depreciation Fund;" and such fund shall be payable to the Commissioners, to be by them invested in such manner as the Governor shall, with the sanction of the said Secretary of State, approve: Provided always that the Governor may, with the sanction of the said Secretary of State, direct that the annual appropriations of one per centum aforesaid shall be wholly or partially discontinued at any time or so long as it shall appear that the reason for such annual appropriation no longer exists.

Accounts showing expenses to be published annually in *Government Gazette*.

19. An account showing the amount of the profits of the note circulation and of the charges and expenses incidental thereto shall be made and published annually in the *Government Gazette*.

Account showing amount of notes in circulation, &c., to be published monthly in *Government Gazette*.

20. An abstract of the accounts of the Commissioners showing—

- (a) The whole amount of currency notes in circulation ;
- (b) The amount of <sup>silver</sup> coin reserved ; and
- (c) The nominal value as well as the latest known market price of, and the price paid for, the Government securities held by the Commissioners—

shall be made up on the tenth day of each month by the Commissioners, and published as soon as may be in the *Government Gazette*.

Penalty for counterfeiting notes.

21. Whosoever shall forge or counterfeit or alter, or shall offer, utter, dispose of or put off, knowing the same to be forged or counterfeited or altered, any currency note or any word, figures, mark, sign, signature, or facsimile upon or attached to any such note,

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shall be held guilty of an offence, and shall on conviction be liable to imprisonment with or without hard labour for any period not exceeding twenty years, anything in the Ceylon Penal Code to the contrary notwithstanding.

22. Whosoever without lawful authority or excuse (the proof whereof shall lie on the person accused) shall have in his possession any such forged, counterfeited, or altered note, or any unfinished or incomplete note purporting to be issued by the Commissioners, shall be guilty of an offence, and be liable to imprisonment with or without hard labour for any period not exceeding five years, anything in the Ceylon Penal Code to the contrary notwithstanding.

Penalty for possession of incomplete notes.

23. Whosoever without lawful authority or excuse (the proof whereof shall lie on the person accused) shall make, use, or knowingly have in his possession, any paper with any word, figure, device, or distinction peculiar to and appearing in the substance of the paper used for currency notes, or any frame, mould, or instrument for making such paper, or any material upon which the whole or any part of any note purporting to resemble a currency note shall have been engraved or made, or any facsimile of the signature of any of the Commissioners, shall be guilty of an offence, and shall be liable on conviction to imprisonment with or without hard labour for any period not exceeding five years, anything in the Ceylon Penal Code to the contrary notwithstanding.

Penalty for possession of paper for notes.

Passed in Council the Tenth day of December, One thousand Eight hundred and Eighty-four.

R. H. SINCLAIR,  
Acting Clerk to the Council.

Assented to by His Excellency the Governor, the Seventeenth day of December, One thousand Eight hundred and Eighty-four.

JOHN F. DICKSON,  
Acting Colonial Secretary.