

## **Finance Act (No. 11 of 1963) - Sect 47**

Insertion of new Part IIIA in Chapter V of the Monetary-Law Act

67. The following new Part is hereby inserted immediately after Part III, and shall have effect as Part IIIA, of Chapter V of the Monetary Law Act: -

88A.

(1) With the object of granting financial accommodation to any credit institution in respect of lending operations carried out by such institution for any productive purpose, the Central Bank may, from time to time, grant, out of the Fund, any loan or advance to such institution against a promissory note given by such institution subject to and in accordance with the following conditions: -

(a) that the loan or advance is repayable within such period not exceeding fifteen years as may be determined by the Bank;

(b) that the repayment to the Central Bank of the loan or advance is secured by the assignment to the Bank by way of pledge-

(c) such other conditions including the rate of interest to be charged by the Bank on such loan or advance, as may be determined by the Monetary Board.

(2) The Monetary Board may prescribe the conditions subject to which loans or advances will be available out of the Fund to credit institutions, including conditions relating to the rates of interest charged by such institutions, to the purposes for which their loans in general are destined, and to any other matters affecting or connected with the credit policy of such institutions.

(3) An assignment by way of pledge to the Central Bank under this Part of this Act shall be effected by an instrument which shall be substantially in the following Form: -

(4) The Central Bank shall, on the execution of an assignment by way of pledge under this Part of this Act, have a first charge on the debts and rights assigned.

(5) The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in any other provisions of this Act.

88B. No duty shall be chargeable or payable under the Stamp Ordinance on or in respect of any instrument of assignment by way of pledge to the Central Bank under this Part of this Act, and accordingly, for the purposes of that Ordinance, such instrument shall be deemed to be exempt from such duty.

88C. No instrument of assignment by way of pledge to the Central Bank under this Part of this Act shall require registration under the Registration of Documents Ordinance, and accordingly any such instrument shall be deemed not to be void by reason only of its not being so registered.

88D. No assignment by way of pledge shall require execution before a licensed notary public and witnesses as provided by section 2 of the Prevention of Frauds Ordinance, and accordingly any such assignment shall be deemed not to be void by reason only of its not being so executed.

88E.

(1) The Central Bank may establish, maintain, manage, and control, at the Bank, a Fund to be called the Medium and Long Term Credit Fund (in this Part of this Act referred to as the "Fund").

(2) The Monetary Board may, from time to time, transfer to the Fund, out of the reserves of the Bank, such sums of money as it may deem necessary to enable the Bank to discharge its functions under this Part of this Act.

(3) The Central Bank shall pay out of the Fund-

(a) the amounts of all loans and advances granted by the Bank to credit institutions under this Part of this Act;

(b) all sums of money representing other liabilities incurred by the Bank in the discharge of its functions under this Part of this Act; and

(c) all sums of money which the Bank may, from time to time, decide to retransfer from the Fund to the reserves of the Bank.

(4) The Central Bank shall, in addition to the sums of money referred to in subsection (2), pay into the Fund-

(a) all sums of money paid to or recovered by the Bank in repayment of the loans or advances granted by the Bank to credit institutions under this Part of this Act; and

(b) all sums of money paid to or recovered by the Board as interest on such loans or advances.

88F. In this Part of this Act,-

(a) " credit institution" means any banking institution as defined in subsection (1) of section 127 of this Act and includes the Development Finance Corporation of Ceylon established under the Development Finance Corporation of Ceylon Act; and

(b) "productive purpose" means any such purpose connected with or relating to the promotion or development of agriculture, industry, trade, commerce or business, as may be determined, from time to time, by the Monetary Board.

88G. The provisions of this Part of this Act shall have effect notwithstanding anything to the contrary in the provisions of any other written law, and accordingly in the event of any conflict or inconsistency between the provisions of this Part of this Act and the provisions of such other written law, the provisions of this Part of this Act shall prevail over the provisions of such other written law.