

# PARLIAMENT OF CEYLON

2nd Session 1953-54



## Ceylon Development Loans Act, No. 6 of 1954

*Date of Assent : February 22, 1954*

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L.D.—O. 51/53.

AN ACT TO PROVIDE FOR THE RAISING OF LOANS THE TOTAL AMOUNT OF WHICH SHALL NOT EXCEED SIX HUNDRED MILLION RUPEES FOR EXPENDITURE ON THE DEVELOPMENT OF CEYLON, FOR THE RAISING OF ANY FURTHER LOAN WHICH MAY BE NECESSARY FOR DEFRAYING THE EXPENSES OF RAISING THE AFORESAID SUM OR ANY PART THEREOF, AND TO MAKE PROVISIONS REGARDING THE RAISING, IN THE UNITED KINGDOM OR FROM THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, OF ANY LOAN AUTHORISED BY THIS ACT OR BY ANY OTHER ACT.

[Date of Assent: February 22, 1954]

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 Ceylon Development Loans Act, No. 6 of 1954.

Short title.

## PART I.

### *Provisions relating to loans authorised by this Act.*

2. (1) The Monetary Board is hereby authorised to raise for the Government of Ceylon loans the total amount of which shall not exceed six hundred million rupees for expenditure on any work connected with or incidental to the development of Ceylon.

Authority to raise loans.

(2) In addition to the sum specified in sub-section (1), the Monetary Board is hereby authorised to raise by way of loan, for the Government of Ceylon, such further sums as may be necessary for the purposes of defraying the expenses incurred in raising loans under that sub-section.

3. A loan authorised by this Act may be raised in such one or more of the following modes as the Government of Ceylon may determine:—

Manner of raising loans.

(a) by the issue of stock or securities in accordance with the provisions of the Registered Stock and Securities Ordinance;

Cap. 289.

(b) by the issue of stock in accordance with the provisions of Part II of this Act;

(c) from the International Bank for Reconstruction and Development in accordance with the provisions of Part III of this Act.

Application of  
moneys raised  
by way of loan  
under section 2  
(1).

4. All moneys raised by way of loan under sub-section (1) of section 2 may be expended on the work mentioned in that sub-section, but no such expenditure shall be finally charged to such loan except upon a resolution in that behalf passed by the House of Representatives:

Provided, however, that where a loan authorised by this Act is raised in accordance with the provisions of Part II or Part III of this Act for any purpose or purposes specified in any prospectus issued or any loan agreement entered into by or on behalf of the Government of Ceylon, the moneys raised by such loan shall not be expended on any purpose other than the purpose or all or any of the purposes specified in such prospectus or agreement, as the case may be.

## PART II.

### *Provisions relating to the raising of loans in the United Kingdom.*

Loans to be  
raised in  
United Kingdom  
by issue of  
stock of  
Government  
of Ceylon.

5. Where by this Act or any other Act authority is given to raise a loan, then, if the Government of Ceylon so determines, such loan may be raised by the issue of stock of the Government of Ceylon (hereinafter referred to as "Ceylon Government stock") in the United Kingdom in accordance with the provisions of this Part of this Act and the conditions of the issue detailed in the prospectus of that stock approved by the Government of Ceylon.

Agent to  
issue and  
be Registrar  
of Ceylon  
Government  
stock.

6. The Monetary Board shall appoint an Agent in the United Kingdom to issue Ceylon Government stock and shall appoint such Agent to be the Registrar of Ceylon Government stock, such appointments being made with the approval of, and upon such terms as may be determined by, the Government of Ceylon.

Issue of  
Ceylon  
Government  
stock.

7. Ceylon Government stock shall be issued under the provisions of the Colonial Stock Acts 1877 to 1948 of the United Kingdom or any Acts amending them or substituted therefor.

Ceylon  
Government  
stock  
regulations.

8. (1) Regulations relating to Ceylon Government stock may be made by the Registrar under section 16 of the Colonial Stock Act 1877, as extended by the Colonial Stock Act 1948, of the United Kingdom or

any Acts amending them or substituted therefor, and the regulations may include provision that Ceylon Government stock shall be transferable by instrument in writing in accordance with the regulations and in no other manner and that certificates of title relating to Ceylon Government stock may be issued.

(2) Regulations made by the Registrar shall not come into force until they have been submitted to and approved by the Government of Ceylon.

9. (1) The Government of Ceylon shall pay to each holder of any Ceylon Government stock the principal sum of his holding and the interest due thereon; on the dates and at the rates specified in the prospectus of the stock, and the premium, if any, payable on the redemption or conversion of his holding of such stock.

Liability of Government of Ceylon in respect of Ceylon Government stock.

(2) The Minister of Finance shall from time to time authorise by warrant under his hand the withdrawal from the Consolidated Fund of Ceylon of sums sufficient to make the payments required by sub-section (1) to be made by the Government of Ceylon and shall cause those sums to be transmitted to the Registrar in such time as will enable the Registrar to make those payments on the due dates.

(3) The principal of, the interest on, and any premium payable on the redemption or conversion of, Ceylon Government stock are hereby charged on the Consolidated Fund of Ceylon.

10. Interest shall not accrue on any Ceylon Government stock after the earliest date on which the payment of the principal amount due on that stock could lawfully have been demanded.

Cessation of liability to pay interest.

11. A separate sinking fund shall be established for the redemption of each issue of Ceylon Government stock.

Separate sinking fund for each issue of Ceylon Government stock.

12. The Monetary Board shall, with the approval of the Government of Ceylon, appoint a trustee or trustees of each sinking fund established under section 11, and such trustee or trustees need not be a resident or residents of Ceylon.

Trustees of sinking funds.

13. (1) In the half-year ending on the date specified in the prospectus as the date of the first half-yearly contribution to the sinking fund established for the redemption of any Ceylon Government stock

Contributions to sinking funds.



and thereafter in each half-year ending on the date for the payment of the half-yearly interest on such stock, there shall be paid out of the Consolidated Fund of Ceylon the amount of the half-yearly contribution to such sinking fund calculated at the rate specified for such contributions in the prospectus of such stock.

(2) All contributions under sub-section (1) are hereby charged on the Consolidated Fund of Ceylon.

Investment of  
sinking funds,  
and cancellation  
of Ceylon  
Government  
stock acquired  
for such funds.

14. (1) All sums required by section 13 to be paid as contributions to the sinking fund established for the redemption of any Ceylon Government stock shall be paid to the trustee or trustees of that fund so as to be in his or their hands on the due date, and any sum so paid may by such trustee or trustees be invested in such stock or in any other securities in which trustees are from time to time authorised to invest trust moneys under the law in England.

(2) The trustee or trustees of a sinking fund may in his or their discretion from time to time vary or transpose any investments made under this section for or into any other investments authorised by this section.

(3) The trustee or trustees may in his or their discretion cancel any Ceylon Government stock acquired for the sinking fund established for the redemption of that stock.

Investment of  
interest on  
sinking funds.

15. The dividends, interest, bonus and other profits of any investment of any part of any sinking fund may be invested by the trustee or trustees of that fund in like manner as moneys paid under section 13 as contributions to that fund are invested, and the same when invested shall form part of that fund.

Cessation of  
contributions  
to sinking  
funds.

16. Notwithstanding anything to the contrary in any other provision of this Act, if at any time the trustee or trustees of the sinking fund established for the redemption of any Ceylon Government stock is or are satisfied that such fund will be sufficient with further accumulations, but without further payments of contributions, to enable such stock to be redeemed at the time fixed for its redemption, he or they shall inform the Minister of Finance accordingly, and the Minister of Finance is hereby authorised in such event to suspend further payments of half-yearly contributions to such fund:

Provided, however, that the half-yearly contributions as provided by section 13 to such fund shall be recommenced if the trustee or trustees of such fund at any time thereafter informs or inform the Minister of Finance that such trustee or trustees is or are no longer satisfied that such fund with further accumulations will be sufficient for the redemption of such stock.

17. There shall be paid out of the sinking fund established for the redemption of any Ceylon Government stock all expenses specifically incurred in, or incidental to, the investment and management of such fund.

Expenses to be paid out of sinking funds.

18. The Government of Ceylon may from time to time authorise the issue, on such terms as that Government may approve, of other Ceylon Government stock for such amount as may be necessary for the purpose of redeeming or converting any Ceylon Government stock.

Conversion or redemption of Ceylon Government stock.

19. The Government of Ceylon is hereby empowered to authorise any person or persons on its behalf to approve any instrument or other document relating to or connected with Ceylon Government stock.

Persons empowered to approve instruments.

20. (1) (a) Whenever by the final judgment, decree, rule or order of any Court of competent jurisdiction in the United Kingdom any sum of money is adjudged or declared to be payable by the Government of Ceylon in respect of any Ceylon Government stock, the Minister of Finance shall, notwithstanding anything to the contrary in any other law, forthwith pay the sum out of the Ceylon Government Account in London.

United Kingdom investors' rights.

(b) For the purposes of this sub-section, the expression "final judgment, decree, rule or order" means in case of appeal the final judgment, decree, rule or order of the ultimate Court hearing the appeal.

(c) Without in any way limiting the foregoing provisions of this sub-section it is hereby declared that the Minister of Finance shall, notwithstanding anything to the contrary in any other law, forthwith pay out of the Ceylon Government Account in London whatever sums may from time to time be required in order to enable the Registrar forthwith to comply with any judgment, decree, rule or order with which under section 20 of the Colonial Stock Act 1877 of the United Kingdom the Registrar is required to comply.

(2) In order to enable every payment under sub-section (1) to be made out of the Ceylon Government Account in London the warrant of the Minister of Finance specifying the sum to be paid pursuant to that sub-section shall be sufficient authority to the person having control of that Account to cause the requisite money to be issued out of that Account.

(3) All sums which are required by this section to be paid out of the Ceylon Government Account in London are hereby charged on the Consolidated Fund of Ceylon.

Payments to certain persons in respect of Ceylon Government stock to be free from taxes, levies or duties.

21. (1) The principal of, the interest on, and any premium payable on the redemption or conversion of, such Ceylon Government stock as is in the ownership of persons or corporations neither resident nor domiciled in Ceylon shall be paid without deduction for and free from all taxes, levies or duties now or hereafter imposed by or under any law of Ceylon, notwithstanding anything in such law to the contrary.

(2) For the purposes of sub-section (1), the question whether a person or corporation is or is not resident in Ceylon shall be determined in accordance with the provisions of section 33 of the Income Tax Ordinance.

Cap. 188.

Costs, charges and expenses.

22. All costs, charges and expenses incurred in connection with the issue, management, redemption or conversion of any Ceylon Government stock are hereby charged on the Consolidated Fund of Ceylon.

### PART III.

#### *Provisions relating to loans from the International Bank for Reconstruction and Development.*

Person empowered to enter into Loan Agreement with International Bank for Reconstruction and Development.

23. Where by this Act or any other Act authority is given to raise a loan and the Government of Ceylon determines that such loan shall be raised from the International Bank for Reconstruction and Development (hereinafter referred to as the "International Bank"), then, for the purpose of raising such loan, the Governor-General of Ceylon may—

(a) enter into and sign, in the name and on behalf of the Government of Ceylon, a Loan Agreement with the International Bank, and



(b) do all such other acts as may be necessary for giving full effect to such Loan Agreement.

24. Any Loan Agreement entered into by the Government of Ceylon with the International Bank shall be valid and enforceable in accordance with its terms, notwithstanding anything to the contrary in any other law.

Enforceability  
of Loan  
Agreement.

25. All sums due to the International Bank under a Loan Agreement between such Bank and the Government of Ceylon are hereby charged on the Consolidated Fund of Ceylon.

Sums due to  
International  
Bank under a  
Loan Agreement  
to be a charge  
on Consolidated  
Fund of Ceylon.

26. The principal of, and the interest, premium and other charges on, a loan obtained by the Government of Ceylon from the International Bank shall be paid without deduction for and free from all taxes, levies or duties now or hereafter imposed by or under any law of Ceylon, notwithstanding anything in such law to the contrary.

Payments in  
respect of  
loans from  
International  
Bank to be  
free from  
taxes, levies  
or duties.

#### PART IV.

##### *General.*

27. Every determination, approval or authorisation made by the Government of Ceylon for the purposes of this Act shall be signified in writing under the hand of the Minister of Finance.

How  
determinations,  
etc. of Govern-  
ment of Ceylon  
are to be  
signified.

28. In this Act unless the context otherwise requires—

Interpretation.

“ Ceylon Government Account in London ” means the account or accounts in London in which moneys of the Government of Ceylon are for the time being held;

“ holder of any Ceylon Government stock ” means any person or, in the case of a joint holding, the persons registered in the books of the Registrar as the holder or holders of any Ceylon Government stock;

“ Minister of Finance ” means the Minister of Finance for the time being of Ceylon;

“ Monetary Board ” means the Monetary Board of the Central Bank of Ceylon constituted by the Monetary Law Act, No. 58 of 1949;

“ Registrar ” means the Registrar appointed under section 6; and

“ United Kingdom ” means the United Kingdom of Great Britain and Northern Ireland.