



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**STUDENTS (HIGHER EDUCATION)
LOANS
ACT, No. 50 OF 1983**

[Certified on 13th December, 1983]

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AN ACT TO PROVIDE FOR THE GRANT OF LOANS TO STUDENTS OF HIGHER EDUCATIONAL INSTITUTIONS, FOR THE REPEAL OF THE STUDENTS (HIGHER EDUCATION) LOAN FUND ACT, NO. 4 OF 1972, AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Students (Higher Education) Loans Act, No. 50 of 1983. Short title.

PART I

GRANT OF LOANS TO STUDENTS

2. (1) Subject to the provisions of this Act, it shall be the duty of a specified bank to grant loans to students of the following higher educational institutions :— Grant of loans.

- (a) all Universities, Campuses of a University or University Colleges, established or deemed to be established under the Universities Act, No. 16 of 1978, and any successor to such University, Campus or University College ; and
- (b) any institution providing higher education maintained wholly or partly by Government grant and approved by the Minister for the purposes of this Act.

(2) The Minister may, from time to time, by Notification published in the *Gazette*, specify the Bank of Ceylon or the People's Bank or any other bank which consents to be a specified bank for the purposes of this Act. Any bank so specified is hereafter in this Act referred to as a "specified bank".

(3) The Deputy Secretary to the Treasury shall, in consultation with each specified bank, determine which of such specified banks will consent to grant loans to students in any year. Any specified bank so determined shall hereinafter be referred to as the "appropriate specified bank".

3. (1) The Minister may give general written directions to the principal executive officer of a higher educational institution in respect of—

Preparation of list of students eligible for loans.

- (a) the conditions subject to which students shall be eligible for the grant of loans ;
- (b) the procedure to be followed by such principal executive officer in the preparation of lists of names of students who are eligible for the grant of loans ; and

- (c) any other matter which in the opinion of the Minister, is connected with or incidental to the grant of loans,

and it shall be the duty of such principal executive officer to comply with such written directions.

(2) The principal executive officer of each higher educational institution shall, in accordance with the provisions of subsection (1), prepare or cause to be prepared, from time to time lists of names of students who are eligible to receive loans under this Act, including the amount of loan recommended to each such student, and shall submit such lists to the governing authority of that higher educational institution.

(3) The governing authority of a higher educational institution may, in consultation with the managers of the specified banks and having regard to such general written directions given by the Minister under subsection (1), approve such lists as have been submitted to such authority under subsection (2), with such additions, deletions or modifications as may be necessary, and forward such lists to the manager of the appropriate specified bank.

To whom
appropriate
specified bank
may grant
loans and the
terms of such
loans.

4. (1) The manager of the appropriate specified bank who receives a list of names of students sent to him under the provisions subsection (3) of section 3 may, subject to the provisions of this Act, grant loans to any or all such students.

(2) A loan granted to any student under subsection (1) shall be upon a written undertaking given by such student to repay such loan, together with a guarantee given by the parent or guardian of such student or any other person to repay such loan.

(3) The written undertaking referred to in subsection (2) shall include a promissory note granted to, and the loan application made to, the appropriate specified bank.

(4) The terms and conditions subject to which the appropriate specified bank may grant loans under subsection (1) other than the conditions referred to in subsections (2) and (3) shall be determined by such bank.

Interest
chargeable
from students.

5. The Minister may, with the concurrence of the Minister in charge of the subject of Finance, determine from time to time the rate of interest to be charged in respect of loans granted under this Act, and such rate of interest shall be communicated by the Deputy Secretary to the Treasury to the appropriate specified bank. Where the rate of interest so determined is less than the prevailing rate of interest charged by any

specified bank for loans granted for a purpose similar to a purpose for which loans are granted under this Act, the difference between the two rates of interest shall annually be paid to such specified bank by the Deputy Secretary to the Treasury out of the Fund.

6. The governing authority of a higher educational institution shall require a specified bank to refuse to grant a loan to any student or where such bank has commenced the grant of a loan to a student in instalments to stop the grant of any further instalments of the loan—

Refusal or suspension of a loan.

(a) if such student has performed unsatisfactorily at his examinations ;

(b) if such student has conducted himself improperly ; or

(c) if such student's financial condition has improved since the date on which such student's name was forwarded to such specified bank in terms of subsection (3) of section 3 or since the grant of the loan, as the case may be,

and it shall be the duty of such specified bank to comply with such requirement.

7. (1) Where a loan has been granted to a student under section 4, the amount of the loan and the interest due thereon shall be recovered by the appropriate specified bank in accordance with the terms and conditions subject to which such loan was granted :

Recovery of loans and interest by an appropriate specified bank

Provided, however, that the interest due on such loan between the date of the grant of the loan and the date of commencement of repayment of such loan shall be paid to such bank annually by the Deputy Secretary to the Treasury, upon being informed by such bank of the amount due as such interest, out of the Fund:

For the purpose of this subsection, " the date of commencement of repayment " shall be a date falling within four months of obtaining employment or his leaving the higher educational institution without completing his course of studies.

(2) The receipt by the appropriate specified bank of any interest under the provision to subsection (1), shall be deemed not to preclude such bank from recovering such interest from the recipient of the loan or from the guarantor of the loan, as the case may be.

(3) Where such interest or part thereof has been recovered under subsection (2) from the recipient of the loan or the guarantor of the loan, as the case may be, the manager of such bank shall pay to the Deputy Secretary to the Treasury an amount equal to such recovery.

(4) Where an appropriate specified bank has recovered any sum of money in respect of a loan granted under this Act, such sum shall first be applied in liquidation of the liability to repay to the Deputy Secretary to the Treasury the interest received by the bank under the proviso to subsection(1), and accordingly the manager of such bank shall remit such sum to the Deputy Secretary to the Treasury.

Duties of recipients of loans.

8. A recipient of any loan from an appropriate specified bank under this Act, shall so long as any sum of money in respect of such loan remains due from him to the said bank, furnish the manager of that bank by letter sent through registered post, with the following information within the period stipulated :—

- (a) the address of his place of residence and any change in such address which may occur from time to time, within a period of one month from the date of such change ;
- (b) where he changes his name, within one month of the date of such change, his new name and the date and manner in which such change had been effected ;
- (c) where he engages in any employment, within one month of the date of commencement of such employment, the nature of the employment, the name and address of the employer, the date of commencement of such employment and the remuneration payable therefor, and likewise, in respect of any change of employment which may take place from time to time ;
- (d) any other information which such manager may consider necessary for the purpose of recovering the loan, within such time as the manager may specify in a notice calling for such information from such recipient of the loan.

Duties of an employer of any recipient of a loan under this Act.

9. (1) Every employer, shall, within three months of the date of the coming into operation of this Act, circulate a notice to each of his employees who had secured employment on or after October 1, 1969, inquiring whether or not he had been in receipt of any bank loan for the purpose of higher education, and if so, requiring him to furnish particulars of such loan to the employer and to the General Manager of the bank from which such loan was obtained, and it shall be the duty of each such employee to furnish the said particulars within fourteen days of the receipt by him of such notice.

(2) Upon the coming into operation of this Act, every employer shall, before issuing a letter of appointment to any person selected for employment under such employer, by notice sent through registered post, require such person to declare whether or not he had been in receipt of any bank loan for the purpose

of higher education, and if so, to furnish particulars of such loan to the employer and to the General Manager of the bank from which such loan was obtained. It shall be the duty of such person to furnish such particulars within thirty days of the receipt by him of such notice. If such person fails to furnish such particulars within the said period of thirty days, the employer shall not issue a letter of appointment to such person.

(3) Within fourteen days of the receipt of any particulars from any employee under subsection (1) or from a person selected for employment under subsection (2), the employer shall communicate such particulars to the General Manager of the bank concerned.

(4) Upon the receipt of a communication under subsection (3) or where a specified bank has reasonable grounds to believe that an employee has been the recipient of a loan from such bank under this Act, the specified bank shall serve notice, by registered post on such employer that a certain sum of money shall be deducted from the salary of such employee whether in a lump sum or in instalments and it shall be the duty of the employer, notwithstanding anything to the contrary in any other written law or any contract between him and the employee, to deduct such sum or sums in accordance with the requirements of such notice and to remit such sum or sums of money to the manager of such bank.

(5) Any employer, any employee or any person selected for employment, who fails to comply with the requirements of subsection (1) or subsection (2), or who furnishes false or inaccurate particulars, shall be guilty of an offence, and shall on conviction by a Magistrate, be liable to a fine not exceeding one thousand rupees or to a term of imprisonment not exceeding six months or to both such fine and imprisonment.

(6) Where any letter or notice is sent through registered post under the provisions of section 8 or subsection (2) or (4) of this section, such letter or notice shall be deemed to have been received by the addressee within seven days from the date on which such letter or notice was posted.

10. Any person who is the recipient of a loan from a specified bank under this Act and who is indebted or is liable to such bank in any sum of money in relation to such loan, and who is engaged in any employment, shall be deemed, notwithstanding any contract between him and his employer or anything to the contrary in any other written law, to have given his consent to the recovery of such sum of money from the remuneration he receives from such employment in the manner set out in subsection (4) of section 9.

Implied
consent for the
recovery of out-
standing debts.

Recovery of
money from
minors.

11. Notwithstanding anything to the contrary in any other written law, any agreement or contract entered into by any person below twenty-one years of age in respect of any loan received by him from a specified bank or guaranteed by him under this Act, shall be deemed to have been validly made, and accordingly, shall be enforceable against him as though he were over twenty-one years of age at the time of such agreement or at the time the contract was entered into.

Recovery of
loans from
guarantor.

12. Where a recipient of a loan, fails to repay such loan in accordance with the provisions of section 4, a specified bank may, notwithstanding anything to the contrary in this Act or any other written law, take such steps as may be necessary to recover such loan from the guarantor of such loan.

Specified bank
to be deemed
to be principal
creditor.

13. Notwithstanding anything to the contrary in this Act or in any other written law, a specified bank which grants a loan shall be deemed to be the principal creditor in respect of such loan.

Restriction on
recipient of
loan leaving
Sri Lanka.

14. (1) No person who is the recipient of a loan from a specified bank under this Act shall, so long as any sum of money in respect of such loan remains due from him to the said bank, leave Sri Lanka :

Provided, however, that the Secretary to the Ministry of the Minister may release such person from such restriction, if the manager of such specified bank is satisfied that the said recipient has furnished good and sufficient security to the satisfaction of such bank.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence under this Act and shall, upon conviction by a Magistrate, be liable to a fine not exceeding one thousand rupees or to a term of imprisonment not exceeding six months or to both such fine and imprisonment.

(3) The provisions of this section shall be in addition to, and not in derogation of, the provisions of any other written law, relating to persons leaving Sri Lanka.

Recipient or
guarantor of a
loan not to
plead the
benefits of
certain
enactments.

15. (1) It shall not be open to a recipient of a loan under this Act, or to the guarantor of such a loan to plead, in any action, matter or proceeding before any court of law for the recovery of such loan or part thereof or any interest due thereon, the benefit of any of the provisions of the following enactments :—

(a) the Prescription Ordinance (Chapter 68) ;

(b) the Debt Conciliation Ordinance (Chapter 81) ;

(c) the Insolvency Ordinance (Chapter 97) ;

(d) the Civil Procedure Code (Chapter 101);

(e) the Public Servants (Liabilities) Ordinance (Chapter 103).

(2) The provisions of subsection (1) shall be deemed to be a condition to the grant of any loan under this Act.

(3) The guarantor of any loan under this Act shall not be entitled to plead the benefits or privileges afforded to a surety under the laws of Sri Lanka, and shall be deemed to be jointly and severally liable with the recipient of the loan for its repayment.

PART II

OPERATION OF THE FUND

16. (1) There shall be established with the Treasury, a Fund to be called the Students (Higher Education) Loan Fund.

Establishment
of the Students
(Higher
Education)
Loan Fund.

(2) A general account for the Fund shall be opened and kept at the Treasury in such manner as the Deputy Secretary to the Treasury may direct.

17. (1) Where any sum of money due to any specified bank in respect of any loan under this Act, is in the opinion of the Board of Directors of such bank, irrecoverable such Board shall inform the Deputy Secretary to the Treasury in writing that the sum of money specified therein is irrecoverable. Upon receipt of such information the Deputy Secretary to the Treasury shall pay such sum out of the Fund or from such other source as may be determined by him to the General Manager of such specified bank.

Irrecoverable
loans.

(2) Any such payment by the Deputy Secretary to the Treasury shall not prejudice the rights of such bank to recover such of money according to due process of law :

Provided, however, that where such sum or part thereof is so recovered by such bank, the manager of such bank shall pay to the Deputy Secretary to the Treasury an amount equal to such recovery.

18. There shall be paid into the Fund all such sums of money as may be received by way of donations, gifts or grants from any source whatsoever.

Sums to be paid
into the Fund.

19. The moneys lying to the credit of the Fund may be disbursed in such manner as may be determined by the Deputy Secretary to the Treasury.

Payments out
of the Fund.

PART III

GENERAL

Officers,
employees, &c.
deemed to be
public
servants.

20. Every officer, or other employee, of any higher educational institution or of any specified bank or of any institution where the recipient of a loan is an employee to whom is entrusted any duty in pursuance of the provisions of this Act, shall be deemed to be a public servant within the meaning and for the purposes of the Penal Code.

Offences and
penalties.

21. Where—

(a) any student of a higher educational institution, or his parent or guardian, has given any false information to the principal executive officer of that institution in connection with the preparation of lists of names of students under subsection (1) of section 3 ;

(b) any recipient of a loan or his parent or guardian or guarantor or any other person has given any false information to the manager of a specified bank in connection with a loan granted under this Act or to be granted under this Act ;

(c) any recipient of a loan wilfully fails to comply with the provisions of section 8 or in so complying gives false information to the manager of a specified bank in question,

such person shall be deemed to have committed an offence under this Act, and shall, upon conviction by a Magistrate be liable to a fine not exceeding one thousand rupees or to a term of imprisonment not exceeding six months or to both such fine and such imprisonment.

Repeal and
savings.

22. (1) The Students (Higher Education) Loan Fund Act, No 4 of 1972, is hereby repealed.

(2) Notwithstanding the repeal of the aforesaid Act—

(a) all moneys lying to the credit of the Students (Higher Education) Loan Fund established under section 2 of that Act, shall be transferred to the Students (Higher Education) Loan Fund established under this Act ;

(b) all assets and liabilities of the Students (Higher Education) Loan Fund established under section 2 of that Act, shall be deemed to be the assets and liabilities of the Students (Higher Education) Loan Fund established under this Act ;

- (c) all actions and proceedings pending for the recovery of loans granted under that Act shall be deemed to be actions and proceedings under this Act and shall be continued and concluded under this Act.

23. Where, from and after the date of commencement of this Act, any sum of money is recovered by any specified bank, on any loan granted from and out of the Students (Higher Education) Loan Fund established by the Students (Higher Education) Loan Fund, Act No. 4 of 1972, such sum shall be credited by such specified bank to the Fund established under this Act.

Recovery of loans granted under Act No. 4 of 1972.

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

Interpretation.

“employer” in relation to an employee in the Public Service, Local Government Service, Public Corporation or a statutory body means the Head of the Department concerned or the Director of Local Government Service or the principal executive officer of the Public Corporation or statutory body, as the case may be, and in relation to any other employee, the owner, manager or administrator of the shop, office, establishment or institution where such other employee is employed ;

“employment” means any employment in respect of which any salary, allowance, remuneration or other income is received and shall include self-employment ;

“Fund” means the Students (Higher Education) Loan Fund established by section 16 of this Act ;

“governing authority” in relation to—

- (a) a University means the Council of that University ;
- (b) a University College means the Board of Management of the University College ; and
- (c) any other institution referred to in paragraph (b) of subsection (1) of section 2, means the Secretary to the Ministry of the Minister in charge of the subject of Higher Education ;

“ higher educational institution ” means—

- (a) a University, Campus of a University or a University College established or deemed to be established under the Universities Act, No. 16 of 1978, and any successor to such University, Campus or University College ; and
- (b) any institution providing higher education maintained wholly or partly by Government grant and approved by the Minister, for the purpose of this Act ;

“ manager ” in relation to any specified bank, includes the manager of any branch of such bank ; and

“ principal executive officer ” in relation to—

- (a) a University means the Vice-Chancellor of that University;
- (b) University College means the Director of that University College ; and
- (c) any other institution referred to in paragraph (b) of subsection (1) of section 2, means the Head of that Institution.