



PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA

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NATIONAL DEVELOPMENT BANK OF  
SRI LANKA ACT, No. 2 OF 1979

[Certified on 5th January, 1979]

*Printed on the Orders of Government*

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*National Development Bank of Sri Lanka*  
Act, No. 2 of 1979

[Certified on 5th January, 1979]

L. D.—O. 56/78

**AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL DEVELOPMENT BANK OF SRI LANKA, 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 National Development Bank of Sri Lanka Act, No. 2 of 1979, and shall come into operation on a date (hereinafter referred to as the "appointed date") to be appointed by the Minister by Order published in the *Gazette*.

Short title  
and date of  
operation.

**PART I**

**CONSTITUTION AND POWERS OF THE  
NATIONAL DEVELOPMENT BANK OF SRI LANKA  
AND ITS BOARD OF DIRECTORS**

2. There shall, on the appointed date or as soon as may be thereafter, be established a Bank which shall be called the "National Development Bank of Sri Lanka", hereinafter referred to as "the Bank", and which shall consist of the persons who are for the time being shareholders of the Bank.

Establishment  
of the  
National  
Development  
Bank of  
Sri Lanka.

3. The Bank shall by the name assigned to it by section 2 be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Bank to be  
a body  
corporate.

4. The head office of the Bank shall be in Colombo. Such branch offices of the Bank as the Board of Directors may consider necessary may be established in places in Sri Lanka, other than in Colombo.

Head office  
and branch  
offices  
of the Bank.

5. (1) The purposes of the Bank shall be to promote the industrial, agricultural, commercial and other development of the economy of Sri Lanka having regard *inter alia* to the development of the rural sector, in accordance with the provisions of this Act—

Purposes  
of the Bank.

- (a) by providing medium-term and long-term credit and other forms of assistance to industrial, agricultural, commercial and other enterprises;
- (b) by stimulating the further development of the investment, share and security markets of Sri Lanka;

- (c) by mobilizing internal and external capital for investment in industrial, agricultural, commercial and other enterprises; and
  - (d) by engaging in the promotion of the industrial, agricultural, commercial and other development of the economy of Sri Lanka.

(2) In carrying out its purposes, the Bank shall whenever it is feasible and desirable act in participation or co-operation with approved credit institutions.

### Powers of the Bank in carrying out its purposes.

6. Subject to the other provisions of this Act, in carrying out its purposes the Bank may exercise all or any of the following powers :—

- (a) to grant loans and advances to any enterprises engaged or about to engage in industry, agriculture or commerce;
  - (b) to guarantee loans raised or to be raised by industrial, agricultural and commercial enterprises from approved credit institutions;
  - (c) to guarantee obligations of financial institutions arising out of the underwriting of capital issues of industrial, agricultural and commercial enterprises;
  - (d) to participate in the equity of industrial, agricultural and commercial enterprises, and to subscribe to, or to purchase or underwrite, the issue of stocks, shares, bonds or debentures of any such enterprises, and to sell and deal in such securities;
  - (e) to grant loans and advances by way of re-finance of any loans or advances granted by approved credit institutions, and other institutions approved by the Bank to industrial, agricultural and commercial enterprises, and for that purpose to fix the minimum and maximum periods of maturity of loans granted by such banks and institutions;
  - (f) to provide such services as technical and administrative advice and assistance which serves its purposes and comes within its functions to industrial, agricultural and commercial enterprises;
  - (g) to incur, during the first five years after the commencement of its business, expenditure up to an amount not exceeding two per centum of its

- paid-up capital in furnishing the services referred to in paragraph (f) on a non-reimbursable basis, and thereafter to charge to the funds of the Bank with the expenditure incurred in continuing to provide such services where necessary on a non-reimbursable basis;
- (h) to establish subsidiary companies to assist it in carrying out its purposes and exercising and performing its powers and duties;
  - (i) to promote the establishment of industrial, agricultural, commercial and other enterprises;
  - (j) to acquire or purchase any movable or immovable property, or any industrial, agricultural, commercial or other enterprise, and to manage or arrange for the management of such property or enterprise, and to sell or otherwise dispose of such property or enterprise;
  - (k) to invest temporarily the funds of the Bank in foreign securities;
  - (l) to participate in loans, equities, underwriting arrangements and guarantees with approved credit institutions;
  - (m) subject to such conditions as may be determined by the Board of Directors, to accept, discount, rediscount, buy, sell and deal in bills of exchange, promissory notes, coupons, drafts, debentures, certificates, scrip and other instruments and securities whether transferable or negotiable or not, of industrial, agricultural and commercial enterprises;
  - (n) to undertake development projects, including pilot projects, in order to achieve the purposes of the Bank;
  - (o) to engage in the construction of warehouses, godowns, stores and buildings required for agricultural, industrial and commercial activities;
  - (p) to lease, let on hire, sell outright, or sell on a hire-purchase basis warehouses, godowns, stores and buildings, machinery, equipment and other goods;
  - (q) to guarantee loans raised by any industrial, agricultural or commercial enterprise, being loans which are floated in the open market;
  - (r) to guarantee deferred payments due from any industrial, agricultural or commercial enterprise;

- (s) to convert a part or whole of its loans to industrial, agricultural or commercial enterprises, and its subscriptions to bonds or debentures issued by any such enterprise into equity capital;
- (t) to subscribe to, or to purchase, or to underwrite the issue of, stocks, shares, bonds or debentures of approved credit institutions;
- (u) to receive, in consideration of the functions the Bank may be performing, such commission, brokerage, interest, remuneration or fees, as the Board of Directors may, from time to time, determine;
- (v) to open deposit accounts in the Central Bank, any commercial bank, or any bank or financial institution outside Sri Lanka;
- (w) to accept term deposits from any person in such amounts and for such periods as may be determined by the Board of Directors;
- (x) to grant and issue letters of credit and circular notes;
- (y) to buy, sell and deal in bullion and specie and engage in operations in exchange; and
- (z) generally to do, directly or indirectly, all such acts or things as may be connected with, or are in furtherance of, the exercise, discharge or performance of the powers, functions or duties of the Bank under this Act or any other law.

Special  
powers of  
the Bank in  
relation to  
officers,  
delegations,  
contracts, &c.

7. The Bank may exercise all or any of the following powers :—

- (a) to appoint a General Manager who shall be the chief executive officer of the Bank;
- (b) to appoint such other officers and servants as may be necessary for carrying out the work of the Bank;
- (c) to establish a provident fund, and provide welfare and recreational facilities, houses, hostels and other like accommodation for persons employed by the Bank;
- (d) to enter into and perform all such contracts, whether in or outside Sri Lanka, as may be necessary for the exercise of the powers and the performance of the duties of the Bank;

- (e) to make rules in relation to its officers and servants, including their appointment, promotion, remuneration, disciplinary control, conduct and the grant of leave to them;
- (f) to make rules in respect of the administration of the affairs of the Bank; and
- (g) to do all other things which, in the opinion of the Board of Directors, are necessary to facilitate the proper carrying on of the business of the Bank.

8. (1) The Bank shall have a Board of Directors consisting of—

Board of  
Directors.

- (a) the person holding office for the time being as the Secretary to the Ministry of the Minister in charge of the subject of Finance (in this Act referred to as "*ex officio Director*");
- (b) a Deputy Governor of the Central Bank appointed by the Monetary Board, with the concurrence of the Minister;
- (c) a senior officer of the Bank of Ceylon appointed by its Board of Directors with the concurrence of the Minister;
- (d) a senior officer of the People's Bank appointed by its Board of Directors with the concurrence of the Minister;
- (e) two persons nominated by the Minister;
- (f) one other member elected by the shareholders (in this Act referred to as the "*elected Director*") other than the Government, Central Bank, Bank of Ceylon, People's Bank and participants, if any, provided their subscription to the share capital is not less than ten *per centum* of the total paid-up capital of the Bank:

Provided, however, that if their subscription to the share capital is less than ten *per centum* of the total paid-up capital of the Bank the Minister shall nominate a Director to represent the interests of the shareholders or of any other interests as he may deem necessary.

(2) In this Act, the persons appointed as Directors under paragraphs (b) to (d) (both inclusive) of subsection (1) are referred to as "*appointed Directors*" and the persons nominated as Directors under paragraph (e), and in the proviso to paragraph (f) of subsection (1) of this section as "*nominated Directors*".

(3) In the absence of the *ex officio* Director, the person holding office for the time being as Deputy Secretary to the Treasury shall act as that member's alternate at Board meetings and have the right to vote thereat.

(4) Where an appointed Director or a nominated Director is by reason of illness or other infirmity or absence from Sri Lanka, temporarily unable to perform the duties of his office, the appointing authority in the case of appointed Directors and the Minister in the case of nominated Directors may appoint or nominate a suitable person to act as his alternate at Board meetings and such person shall have the right to vote thereat.

(5) The Minister may, without assigning any reasons, remove a nominated Director from office. Such removal shall not be called in question in any court.

(6) A nominated Director may resign his office by letter addressed to the Minister.

(7) Subject to the provisions of subsections (6) and (7), the term of office of a nominated Director shall be four years.

Powers,  
functions,  
&c. of the  
Board of  
Directors.

9. (1) The general superintendence, direction and control of the affairs and business of the Bank shall vest in the Board of Directors.

(2) The Board of Directors may exercise, discharge and perform all the powers, functions and duties of the Bank under this Act or any other law and do all acts and things which may be done by the Bank under this Act or any other law.

(3) In the exercise, discharge and performance of its powers, functions and duties, the Board of Directors shall, subject to the provisions of this Act, act in accordance with sound business principles, and shall have due regard to the interest of industry, agriculture and commerce and to the public interest generally.

Remuneration  
of Directors.

10. 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.

Director to  
disclose  
interest in  
contracts pro-  
posed to be  
made by  
the Bank.

11. A Director who is directly or indirectly interested in any loan or contract proposed to be made by the Bank shall disclose the nature of his interest at a meeting of the Board of Directors. The disclosure shall be recorded in the minutes of such meeting and such Director shall not take part in any deliberation or decision of such Board with respect to such loan or contract.

12. (1) Meetings of the Board of Directors shall be held at least once in every month and, in addition, as frequently as are necessary for the purpose of discharging its responsibilities under this Act.

Meetings of the Board of Directors, quorum and regulation of procedure.

(2) At any meeting of the Board of Directors, four Directors shall constitute a quorum.

(3) Subject to the other provisions of this Act, the procedure to be followed in regard to the transaction of business at meetings of the Board of Directors, shall be as determined by rules made by the Board of Directors.

13. (1) The Board of Directors may delegate to the General Manager or any other employee of the Bank any of its powers and duties.

Delegation of powers and duties of the Board of Directors.

(2) Every delegate appointed under subsection (1) shall exercise or perform the power or duty delegated to him subject to the general or special directions of the Board of Directors.

14. No act or proceeding of the Board of Directors shall be deemed to be invalid by reason only of a vacancy in the office of a Director or any defect in the nomination of a Director.

Board of Directors may act despite a vacancy or defect.

15. (1) The Minister shall appoint a Chairman from amongst the members of the Board of Directors.

Chairman of the Board of Directors.

(2) The term of office of the Chairman shall, subject to the provisions of subsection (3), be for a period of four years commencing on the date of appointment.

(3) In the event of the vacation of office by the Chairman before the expiration of his term of office, another person shall be appointed in his place to hold office during the unexpired part of the term of office of the Chairman so vacating office.

(4) Any person vacating office as Chairman by effluxion of time shall be eligible for reappointment.

(5) The Minister may, without assigning any reason, remove the Chairman from office. Such removal shall not be called in question in any court.

(6) In the absence of the Chairman, a member chosen by the majority of the members present at any meeting of the Board of Directors shall preside at such meeting.

(7) The Chairman or other member of the Board of Directors who presides at any meeting of the Board shall have in addition to his vote, a casting vote.

Seal of  
the Bank.

16. (1) The seal of the Bank shall be in the custody of the General Manager.

(2) The seal of the Bank may be altered in such manner as may be determined by the Board of Directors.

(3) The seal of the Bank shall not be affixed to any instrument except in the presence of the General Manager or the acting General Manager and two Directors all of whom shall sign the instrument in token of their presence.

Agency.

17. (1) The Board of Directors may appoint agents of the Bank in and outside Sri Lanka.

(2) The Bank may act as agent in and outside Sri Lanka for other institutions.

Appointment  
of Special  
Committees.

18. (1) The Board of Directors may appoint Special Committees consisting of such number of persons as it may deem necessary for the purpose of assisting and advising such Board in the exercise and performance of its powers and duties.

(2) The persons qualified for appointment as members of any Special Committee shall be the members of the Board of Directors, employees of the Bank, and such other persons as the Board of Directors may deem to be qualified for such appointment. The term of office of any such member shall be as determined by such Board.

Remuneration  
of members  
of Special  
Committees.

19. The members of any Special Committee other than any employee of the Bank who is a member of such Committee may be paid such remuneration out of the funds of the Bank for their attendance at meetings of any such Committee and the discharge of their functions as may be determined by rules which are hereby authorized to be made for that purpose under this Act.

Commence-  
ment of  
business.

20. The Bank shall not commence business until the initial contributions referred to in section 22(1) have been made :

Provided, however, that nothing in this section shall be deemed or construed to preclude the Minister from authorizing the Bank to commence business on an earlier date by Order published in the *Gazette*.

PART II

FINANCE

21. The authorized capital of the Bank shall be two thousand million rupees divided into twenty million shares of one hundred rupees each.

Capital of  
the Bank.

22. (1) The following shall, within one year after the appointed date, make an initial contribution of six hundred million rupees to the capital of the Bank in such amounts and in such manner as hereinafter provided and shall by virtue of such contributions be deemed to be shareholders of the Bank :—

Contributions  
to the  
capital of  
the Bank.

- (a) the Government of Sri Lanka—Four hundred million rupees in cash ;
- (b) the Central Bank of Ceylon—twenty-five million rupees in cash and seventy-five million rupees in the form of a promissory note payable on demand ;
- (c) the Bank of Ceylon—twelve million five hundred thousand rupees in cash and thirty-seven million five hundred thousand rupees in the form of a promissory note payable on demand ;
- (d) the People's Bank—twelve million five hundred thousand rupees in cash and thirty-seven million five hundred thousand rupees in the form of a promissory note payable on demand.

(2) The Bank shall, after commencement of business, offer the shares referred to in section 21 to the public for subscription at such time or times, in such amount or amounts and in such manner as may be determined by the Board of Directors, and shall allot such shares.

(3) The Board of Directors may, from time to time, solicit and accept further contributions to the capital of the Bank from any or all of the shareholders.

(4) No contribution to the capital of the Bank shall be made or accepted except in pursuance of the provisions of this section or section 57.

23. The liability of any shareholder shall be limited to the amount, if any, unpaid on his shares.

Liability  
of share-  
holders.

### **General borrowing powers of the Bank.**

24. The Bank may, under and in accordance with the succeeding provisions of this Part of this Act, raise such sums of money in or outside Sri Lanka, by way of loan or otherwise, as may be necessary for carrying out its purposes and exercising and performing its powers and duties.

## Borrowing from the Government.

25. The Bank may, from time to time, borrow from the Government, and the Government may, from time to time, lend to the Bank from the Consolidated Fund any sum of money, subject to such terms and conditions as may be determined by the Government.

## Temporary borrowings from the Central Bank

26. (1) The Bank may, from time to time, borrow sums of money from the Central Bank for periods not exceeding six months, subject to such terms and conditions as to the interest thereon and the repayment thereof as may be determined by the Monetary Board.

(2) Borrowings by the Bank under subsection (1) shall at no time exceed a sum equivalent to ten per centum of the paid-up capital and free reserves of the Bank.

Borrowing  
from foreign  
Governments,  
&c.

27. The Bank may, with the approval of the Monetary Board from time to time, borrow from any foreign Government, or any other source whatsoever outside Sri Lanka, any sum of money on such terms and conditions as to the interest thereon and the repayment thereof as may be determined by agreement between the Bank, and such Government or such other source, as the case may be.

National  
Development  
Bank  
Debentures  
and Stock.

28. (1) The Board of Directors may create and issue debentures and stock, and the debentures and stock so created and issued shall in this Act be referred to as "National Development Bank Debentures" and "National Development Bank Stock", respectively.

(2) National Development Bank Debentures and National Development Bank Stock shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms and conditions as may be determined by the Board of Directors.

29. (1) The Government may guarantee the repayment of the principal sum, and the payment of the interest on—

Government  
to  
guarantee  
repayments,  
&c.

- (a) any National Development Bank Debentures, and any National Development Bank Stock, created and issued by the Board of Directors ; and
- (b) any loan raised by the Bank from any foreign Government, or any other source under this Part of this Act.

(2) Any sum required for the settlement of any guarantee provided under subsection (1). shall be charged on the Consolidated Fund.

30. (1) The Government is hereby authorized to guarantee, on such terms and conditions as the Government may determine, any loan raised by the Bank from any international or regional lending institution, or from any other international or foreign organization approved by the Government. Any loan authorized to be guaranteed under this subsection may be denominated in foreign currency.

Government  
guarantee  
on foreign  
borrowings.

(2) All sums payable by the Government under any guarantee given under subsection (1) are hereby charged on the Consolidated Fund.

(3) All sums payable by the Bank in respect of principal, interest and other charges on any loan to the Bank from any international or regional lending institution or from any other international or foreign organization approved by the Government, under any guarantee given under subsection (1) shall, notwithstanding anything to the contrary in any written or other law, be paid—

- (a) without deduction for, and free from, any taxes, duties or fees now or hereafter imposed by or under any written or other law ; and
- (b) free from all restrictions now or hereafter imposed by or under any written or other law :

Provided, however, that the preceding provisions of this subsection shall not apply to any taxes, duties, fees or restrictions upon payments under any bond or promissory note to a holder thereof other than any international or regional lending institution or any other international or foreign organization approved by the Government when such bond or promissory note is beneficially owned by an individual or a corporation resident in Sri Lanka.

(4) For the purposes of subsection (3), the question whether an individual or a Corporation is or is not resident in Sri Lanka shall be determined in accordance with the provisions of section 54 of the Inland Revenue Act, No. 4 of 1963.

(5) Every guarantee agreement between the Government and any international or regional lending institution, or any other international or foreign organization approved by the Government pursuant to this Act and every guarantee given by the Government pursuant to any such guarantee agreement shall, notwithstanding anything to the contrary in any law, be valid and enforceable in accordance with their respective terms.

(6) In the case of any loan made to the Bank, by any international or regional institution or any other international or foreign organization approved by the Government, and guaranteed by the Government, the Government shall bear any loss, and be entitled to any profit, resulting from any revaluation of the Sri Lanka rupee in relation to the currency or currencies in which that loan is expressed or repayable in whole or in part.

The amount of every such loss is hereby charged on the Consolidated Fund.

(7) Notwithstanding anything in any other written law, no agreement, bond or other document executed by the Bank in respect of any loan which may be raised by the Bank from any international or regional lending institution, or from any other international or foreign organization approved by the Government, shall be subject to, or be charged with, any stamp duty or duties whatsoever.

Administered  
Resources  
Fund.

31. (1) The Bank shall establish a fund which shall be known as the "Administered Resources Fund", in this Act referred to as "the Fund". The fund shall not form part of the general funds of the Bank, but shall be a special fund which shall be administered by the Bank separately from the general funds of the Bank for and on behalf of the Government, or of any such foreign Government, foreign or international organization or person or persons as may be approved by the Government.

(2) The purposes of the Fund shall be to enable loans, advances, or other accommodation or grants to be made or given, under and in accordance with the provisions of this Act, from the Fund to industrial, agricultural, commercial or other enterprises.

(3) The Bank, in terms of any agreement entered into between the donor and the Bank, is hereby authorized to make or give from the Fund any loan, advance, grant, or other accommodation to any industrial, agricultural, commercial or other enterprise.

(4) There shall be credited to the Fund by the Bank the amount of all donations and grants made, for the purposes of the Fund, by the Government, any foreign Government and any other source, whether in or outside Sri Lanka. In addition the Fund shall be credited with the net income or interest arising from the operations of the Fund.

(5) All financial commitments or liabilities of the Bank arising from, or incurred in connection with, any act or thing done by the Bank with the object of carrying out the purposes of the Fund shall be charged on the Fund.

(6) The Board of Directors may invest temporarily the excess resources of the Fund which cannot be utilized immediately in pursuance of the objectives of the Fund in such securities as it may deem appropriate, without prejudice to the long term interests of the Fund.

(7) Rules may be made under this Act in respect of all or any of the following matters :—

- (a) the manner in which the accounts of the Fund shall be kept;
- (b) the establishment of reserves in the Fund for bad and doubtful debts, the depreciation of assets, and for such other contingencies as may accord with normal banking practice ;
- (c) the closure or winding up of the Fund ; and
- (d) any other matters connected with or incidental to any of the matters aforesaid.

(8) Notwithstanding anything in any other written law, the Bank shall be exempt from the payment of income tax upon the profits and income of the Fund.

32. (1) All sums of money received by the Bank or the Board of Directors—

Funds of  
the Bank

- (a) as contributions towards the capital of the Bank ;
- (b) in carrying out the purposes of the Bank ;
- (c) in exercising and performing the powers and duties of the Bank or such Board ; and

(d) in conducting the business and administration of the Bank,

shall be credited to the funds of the Bank.

(2) All financial commitments or liabilities of the Bank or the Board of Directors arising from, or incurred in connection with—

(a) the carrying out of the objects and purposes of the Bank;

(b) the exercise and performance of the powers and duties of the Bank or such Board; and

(c) the conduct of the business and administration of the Bank,

shall be charged on the funds of the Bank.

**Utilization  
of the profits  
of the Bank.**

33. The profits of the Bank shall be utilized for the purpose of—

(a) the establishment and maintenance of a General Reserve;

(b) the establishment and maintenance of a special reserve for bad or doubtful debts;

(c) the establishment and maintenance of such other reserve funds as may be necessary for specific purposes; and

(d) the payment of dividends.

**Exemption  
of Bank  
from income  
tax.**

34. The Bank shall be exempt from the payment of income tax upon the profits and income of the Bank, for a period of ten years after the date of the commencement of its business.

**Registered  
address of  
borrower,  
&c.**

35. (1) Every person—

(a) to whom any loan, advance or other accommodation is granted by the Bank, or

(b) who has obtained probate of the will or letters of administration to the estate of a person to whom any loan, advance or other accommodation has been granted by the Bank, or who, upon application made in that behalf by the Board of Directors, has been appointed by court to represent such estate, or

(c) to whom any right, title or interest whatsoever in any immovable property mortgaged to that Bank as security for any loan, advance or other accommodation has passed, whether by voluntary conveyance or by operation of law.

shall register with the Bank an address to which all notices to him may be addressed.

(2) Any notice which is required to be served on any person to whom subsection (1) applies shall be deemed to have been duly served on that person if it is sent by post in a registered letter directed to that person at the address registered by him under that subsection, and service shall be deemed to have been effected at the time at which the letter would be delivered in the ordinary course of post:

Provided that, where any such person fails to register his address under subsection (1), the Bank shall publish, in the *Gazette* and in at least three daily newspapers in the Sinhala, Tamil and English languages, a notice addressed to him, and such notice shall be deemed to be duly given to him on the day on which such notice is last published.

36. Any loan, advance or other accommodation may be granted by the Bank on the security of—

Security on  
which loans  
&c. may be  
granted by  
the Bank.

- (a) a mortgage of any movable or immovable property;
- (b) any stocks, bonds, debentures, shares, assignments of mortgages or other securities, other than National Development Bank Debentures and National Development Bank Stock;
- (c) any warehouse receipts, bills of lading, or such other instruments as may be approved, from time to time, by the Board of Directors for the purpose of such security;
- (d) any goods, wares or merchandise; or
- (e) any guarantee given by any enterprise or individual and accepted by the Board of Directors.

37. Where default is made in the payment of any sum payable as an instalment in repayment of the amount of any loan, advance or other accommodation granted by the Bank on the mortgage of any immovable property or as interest on that loan, advance or other accommodation, default shall be deemed to have been made in respect of

Default of  
payment.

the whole of such portion of the amount of that loan, advance or other accommodation as has not been repaid to the Bank and the interest due thereon.

Action by  
Board of  
Directors  
where  
default is  
made.

38. (1) Where under the provisions of this Act, default is made or is deemed to have been made in respect of the whole of the unpaid portion of any loan and the interest due thereon, the Board of Directors may, in its discretion, take action as specified either in section 39 or in section 41:

Provided that where the Board has in any case taken action, or commenced to take action, in accordance with section 39, nothing shall be deemed to prevent the Board at any time from subsequently taking action in that case by resolution under section 41 if the Board deems it necessary or advisable to do so.

(2) For the purposes of this section and sections 39 to 53, the term "loan" means a loan or an advance or any other accommodation granted by the Bank.

Authorization  
of manager  
to take  
possession of  
mortgaged  
property.

39. Subject to the provisions of section 42, the Board of Directors may by resolution to be recorded in writing authorize any person specified in the resolution to enter upon any immovable property mortgaged to the Bank as security for any loan in respect of which default has been made, to take possession of and to manage and maintain such property, and to exercise the same powers in the control and management of such property as might have been exercised by the mortgagor if he had not made default.

Procedure  
where  
manager is  
appointed.

40. (1) Any person authorized by resolution of the Board of Directors under section 39 in respect of any property shall be entitled generally to take action in terms of the resolution and in particular—

- (a) to sell the produce of such property;
- (b) to receive the rents, profits, or other income from such property;
- (c) to pay the expenses incurred in the control and management of such property out of the income from such property;
- (d) to appropriate to himself out of such income such sum (if any) as the Board may deem fit to fix as remuneration for his services;

(e) to remain in possession of such property until all moneys due to the Bank under the mortgage on such property have been fully paid or until he is directed by the Board to yield possession of such property under subsection (2).

(2) Every person authorized by resolution of the Board of Directors under section 39 in respect of any property shall—

- (a) pay monthly, out of the income of such property, such sum (if any) as the Board may in its discretion fix, to the mortgagor for his maintenance;
- (b) pay quarterly or as otherwise directed by the Board to such person or persons and in such manner as the Board may direct the balance of the income from such property remaining after the payments herein before authorized have been made;
- (c) keep and render to the Board at such intervals as the Board may determine clear and accurate records of all sums received or paid out by him in respect of such property;
- (d) yield possession of such property to the mortgagor or some other person as directed by the Board and pay to the Board any balance of the income from such property remaining in his hands after the payments herein before authorized have been made.

(3) The Board shall, when all sums due to the Bank under the mortgage have been fully paid, surrender possession of the mortgaged property to the mortgagor and return to him any balance remaining of the income from such property.

41. Subject to the provisions of section 42, the Board of Directors may by resolution to be recorded in writing authorize any person specified in the resolution to sell by public auction any immovable property mortgaged to the Bank as security for any loan in respect of which default has been made in order to recover the whole of the unpaid portion of such loan, and the interest due thereon up to the date of the sale, together with the moneys and costs recoverable under section 48.

Authorisation  
of sale of  
mortgaged  
property.

Where  
borrower  
is dead.

42. (1) Save as otherwise provided in subsection (2), the provisions of sections 39 and 41 shall apply in the case of any default notwithstanding that the borrower may have died or that any right, title or interest whatsoever in the property mortgaged as security for the loan may have passed by voluntary conveyance or by operation of law to any other person.

(2) Where the borrower is dead and probate of his will or letters of administration to his estate have not been issued, the District Court of Colombo or the District Court having jurisdiction over the place where that property is situate may, upon application made in that behalf by the Board of Directors and after service of notice of the application on such persons, if any, as the court may order, and if satisfied that the grant of probate or the issue of letters of administration is likely to be unduly delayed, appoint a person to represent the estate of the borrower for the purposes of this section ; and the provisions of sections 39 and 41 shall not apply in the case of any default made by the borrower unless and until a representative of his estate is appointed under this section.

Notice of  
resolution  
of Board of  
Directors to  
sell  
mortgaged  
property.

43. Notice of every resolution under section 41 authorizing the sale of any property shall be published in the *Gazette* and in at least three daily newspapers in the Sinhala, Tamil and English languages and copies of such notice shall be served on the borrower, if he is alive, and on every person who has, in respect of that property, registered his address under section 35.

Notice of  
sale.

44. Notice of the date, time and place of every sale shall, not less than fourteen days before the date fixed for the sale, be published in the *Gazette* and copies of such notice shall be—

- (a) served on the borrower, if he is alive and on every person on whom notice of any resolution is required to be served under section 43 ;
- (b) posted on or near the property which is to be sold ; and
- (c) affixed to the walls of the Kachcheri and the several District Courts and Magistrate's Courts within the jurisdiction of which the property is situate.

45. (1) If the amount of the whole of the unpaid portion of the loan (together with all interest due thereon according to the terms of the mortgage), and of the moneys and costs, if any, recoverable by the Board of Directors under section 48 is tendered to the Board at any time before the date fixed for the sale, the property shall not be sold and no further steps shall be taken in pursuance of the resolution under section 41 for the sale of that property.

Payment  
before  
sale.

(2) If the amount of the instalment or other payment in respect of which default has been made, together with any interest due thereon according to the terms of the mortgage, and of the moneys and costs, if any, recoverable by the Board of Directors under section 48, is tendered to the Board at any time before the date fixed for the sale, the Board may, in its discretion, direct that the property shall not be sold, and that no further steps shall be taken in pursuance of the resolution under section 41 for the sale of that property.

46. The Board of Directors may fix an upset price below which the property shall not be sold to any person other than the Bank.

Upset price.

47. In any case where two or more loans have been granted by the Bank on the security of the same property and default is made in the payment of any sum due upon any one or more of such loans, the foregoing provisions of this Act shall apply notwithstanding that default may not have been made in respect of the other loan or any of the other loans, and the Board of Directors may, in any such case, by resolution under section 41 authorize the sale of the property for the recovery of the total amount due to the Bank in respect of both or all the loans, as the case may be, and the provisions of this Act shall apply accordingly.

Default in  
respect of  
one of  
several loans  
on same  
property.

48. In addition to the amount due on any loan, the Board of Directors may recover from the borrower, or any person acting on his behalf—

Recovery of  
expenses  
and costs  
incurred by  
the Bank.

(a) all moneys expended by the Bank in accordance with the covenants contained in the mortgage bond executed by the person to whom the loan was made, in the payment of premia and other charges in respect of any policy of insurance effected on the property mortgaged to the Bank, and in the payment of all other costs and charges authorized to be incurred by the Bank, under the covenants contained in such mortgage bond; and

(b) the costs of advertising the sale and of selling the mortgaged property :

Provided that the costs incurred under this paragraph shall not exceed such percentage of the loan as may from time to time be fixed by resolution of the Board.

Payment of excess balance.

49. If the mortgaged property is sold, the Board of Directors shall, after deducting from the proceeds of the sale the amount due on the mortgage and the money and costs recoverable under section 48, pay the balance remaining, if any, either to the borrower or any person legally entitled to accept the payments due to the borrower, or, where the Board is in doubt as to whom the money should be paid, into the District Court having jurisdiction over the place where the mortgaged property is situate.

Certificate of sale.

50. (1) If the mortgaged property is sold, the General Manager on a specific authorization by the Board of Directors, shall issue a certificate of sale and thereupon all the right, title and interest of the borrower to and in the property shall vest in the purchaser ; and thereafter it shall not be competent for any person claiming through or under any disposition whatsoever of the right, title or interest of the borrower to and in the property, made or registered after the date of the mortgage of the property to the Bank, in any court to move to invalidate the sale for any cause whatsoever or to maintain any right, title or interest to or in the property as against the purchaser.

(2) A certificate signed by the General Manager under subsection (1) shall be conclusive proof, with respect to the sale of any property, that all the provisions of this Act relating to the sale of that property have been complied with.

(3) If the purchaser is some person other than the Bank, the certificate shall be substantially in the Form A in the Schedule to this Act ; if the purchaser is the Bank, the certificate shall be substantially in the Form B in the Schedule to this Act.

(4) Every certificate of sale shall be liable to stamp duty and charges as if it were a conveyance of immovable property and to any registration and other charges authorized by law, all of which shall be payable by the purchaser.

51. (1) The purchaser of any immovable property sold in pursuance of the preceding provisions of this Act shall, upon application made to the District Court of Colombo or the District Court having jurisdiction over the place where that property is situate, and upon production of the certificate of sale issued in respect of that property under section 50, be entitled to obtain an order for delivery of possession of that property.

Order for  
delivery  
of  
possession.

(2) Every application under subsection (1) shall be made, and shall be disposed of, by way of summary procedure in accordance with the provisions of Chapter XXIV of the Civil Procedure Code; and on all documents filed for the purpose of each application and on all proceedings held thereupon, stamp duties and other charges shall be payable at the respective rates payable under any written law for the time being in force, on applications for, and proceedings connected with or incidental to, the execution of a decree of a District Court for the delivery of possession of any immovable property of the same value as the land to which such application relates.

(3) Where any immovable property sold in pursuance of the preceding provisions of this Act is in the occupancy of the debtor or of some person on his behalf or of some person claiming under a title created by the debtor subsequently to the mortgage of the property to the Bank, the District Court shall order delivery to be made by putting the purchaser, or any person whom he may appoint to receive possession on his behalf, in possession of the property.

(4) Where any immovable property sold in pursuance of the preceding provisions of this Act is in the occupancy of a tenant or other person entitled to occupy the same, the District Court shall order delivery to be made by affixing a notice that the sale has taken place, in the Sinhala, Tamil and English languages, in some conspicuous place on the property, and proclaiming to the occupant by beat of tom-tom, or in such other mode as may be customary, at some convenient place, that the interest of the debtor has been transferred to the purchaser. The cost of such proclamation shall be fixed by the court and shall in every case be prepaid by the purchaser.

(5) Every order under subsection (3) or subsection (4) shall be deemed, as the case may be, to be an order for delivery of possession made under section 287 or 288 of the Civil Procedure Code, and may be enforced in like manner as an order so made, the debtor and the purchaser being

deemed, for the purpose of the application of any provision of that Code, to be the judgment-debtor and judgment-creditor, respectively.

Cancellation of sale.

52. Where the property sold has been purchased on behalf of the Bank, the Board of Directors may at any time before it re-sells that property, cause the cancellation of the sale by an endorsement to that effect made by the General Manager on a certified copy of the certificate of sale, upon the debtor or any person on his behalf paying the amount due in respect of the loan for which the property was sold (including the costs of seizure and sale) and interest on the aggregate sum at a rate not exceeding the prescribed rate. Such an endorsement shall, upon registration in the office of the Registrar of Lands, revest the property in the debtor as though the sale under this Act had not been made.

Re-sale by the Bank.

53. If the property so sold has been purchased on behalf of the Bank, and the sale is not cancelled under section 52, the Board of Directors may, at any time, re-sell the property and transfer to the purchaser by causing an endorsement to be made by the General Manager on a certified copy of the certificate referred to in subsection (3) of section 50, all the right, title and interest which would have been acquired by the purchaser at the original sale. The endorsement shall be liable to the same stamp duty and charges as a certificate to a purchaser at the original sale, and shall, when it is registered in the office of the Registrar of Lands, vest such right, title and interest as aforesaid in the purchaser.

### PART III

#### AUDIT AND ACCOUNTS

Financial year of the Bank.

54. The financial year of the Bank shall be the calendar year.

Audit.

55. (1) The Auditor-General shall audit the accounts of the Bank at such intervals not exceeding a period of twelve months as the Board of Directors may decide.

(2) Notwithstanding the provisions of subsection (1), the Minister may, in consultation with the Auditor-General appoint a qualified auditor or auditors to audit the accounts of the Bank, where such appointment has been made by the Minister, the Auditor-General may, in writing inform such auditor or auditors that he proposes to utilize his or their

services for the performance and discharge of the Auditor-General's duties and functions in relation to the Bank and thereupon such auditor or auditors shall act under the direction and control of the Auditor-General.

(3) Every qualified auditor appointed under the provisions of subsection (2) shall submit his report to the Minister and also submit a copy thereof to the Auditor-General.

(4) The Auditor-General shall examine the accounts of the Bank and ascertain the correctness of the balance sheet and report to the Board of Directors—

(a) whether or not he has obtained all the information and explanations he has required ; and

(b) whether in his opinion the balance sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the Bank's affairs according to the best of his information and explanations given to him and as shown by the books of the Bank.

(5) For the purpose of ascertaining the correctness of the balance sheet the Auditor-General may, with the sanction of the Board of Directors and the Minister, accept, in respect of any branch of the Bank, any copies or abstracts from the books and accounts of such branch which have been transmitted to the head office of the Bank and which have been certified to be correct by an officer of the Bank authorized in that behalf by the Board of Directors.

(6) In this section "qualified auditor" means—

(a) an individual who being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other institute established by law, possesses a certificate to practise as an accountant issued by the Council of such Institute ; or

(b) a firm of accountants, each of the resident partners of which, being a member of the Institute of Chartered Accountants of Sri Lanka or of any other institute established by law, possesses a certificate to practise as an accountant issued by the Council of such Institute.

Documents  
to be  
transmitted  
to the  
Minister  
to be  
laid before  
Parliament.

56. (1) The Board of Directors shall, on receipt of the Auditor-General's report in respect of any year, cause a copy of each of the following documents relating to that year to be transmitted to the Minister and to all the shareholders :—

- (a) Auditor-General's report ;
- (b) balance sheet ;
- (c) profit and loss account ; and
- (d) report of the Chairman of such Board giving an account of the work of the Bank.

(2) The Minister shall lay copies of the documents transmitted to him under subsection (1) before the Parliament.

#### PART IV

##### AGREEMENT FOR PARTICIPATION IN UNDERTAKING OF BANK

Agreement  
for  
Participation.

57. (1) The Board of Directors is hereby authorized to conclude an Agreement with any international or regional financial institution for participation by such institution in the business of the Bank ; and where such Agreement is concluded, such institution shall become a Participant for the purposes of this Act with effect from such date as may be specified in that behalf in the Agreement.

(2) Any Agreement referred to in subsection (1) may contain such covenants and conditions as the Board of Directors may consider necessary, in addition to the provisions required or authorized by this Act to be contained therein.

(3) All rights or powers exercisable under or for the purposes of this Act by a Participant may be exercised on behalf of the Participant by such person or persons, and in such manner, as may be specified in that behalf in the Agreement, and if so exercised, shall be deemed for the purposes of this Act to have been duly exercised by the Participant.

Application  
of this  
Part.

58. The provisions of sections 59 to 63 (both inclusive) shall apply only so long as there is at least one Participant.

59. (1) Subject to the provisions of subsection (3), a Participant shall make an initial contribution to the capital of the Bank of such amount as may be specified in the Agreement referred to in section 57(1) to which he is a party or, if it is not so specified, as may be determined by the Board of Directors.

A Participant's contribution to the capital of the Bank.

(2) Subject to the provisions of subsection (3), where any further amount is contributed by the shareholders to the capital of the Bank, a Participant may make a further contribution to the capital of the Bank of such amount as may be determined by the Board of Directors.

(3) The provisions of subsections (1) and (2) shall be subject to the following limitations and conditions, namely—

(a) that, where there is only one Participant, his initial contribution under subsection (1), or the total sum of his contributions under subsections (1) and (2), to the capital of the Bank, shall not exceed forty-nine per centum of the capital for the time being of the Bank; or

(b) that, where there are two or more Participants, the total sum of their initial contributions under subsection (1), or the total sum of their contributions under subsections (1) and (2), to the capital of the Bank shall not exceed forty-nine per centum of the capital for the time being of the Bank.

60. (1) A Participant shall, by virtue of his contribution to the capital of the Bank, be a shareholder in the Bank and accordingly certificates for shares, each of a nominal value of one hundred rupees shall be issued by the Bank to the Participant, up to an amount equal to the contribution made by the Participant.

Participants to be shareholders in Bank.

(2) The right of a Participant to transfer or dispose of any shares held by him shall be subject to the provisions contained in that behalf in this Act and in the Agreement concluded under section 57 (1) to which he is a party; and if any such shares are duly transferred to any other person, such shares shall be held by such other person in all respects in like manner and subject to the same provisions (whether contained in this Act or in the Agreement) as though such person were the Participant.

Liquidation.

61. The shares held by the shareholders in the Bank shall entitle them in the event of the dissolution of the Bank to participate *pro rata*, according to the nominal value of the shares held, in the amount realized by the sale of the assets of the Bank, after payment of liabilities to other persons, if any.

Restriction  
of sale of  
shares of  
Participant.

62. (1) A participant shall not be entitled to sell, assign, charge or otherwise in any manner whatsoever to alienate or encumber any shares in the Bank, except with the prior consent in writing of the Board of Directors and except to or in favour of a person approved by such Board for the purpose.

(2) If any Agreement concluded under section 57 contains provision specifying the circumstances in which the consent of the Board of Directors to any proposed sale or alienation of the shares of a Participant who is a party to such Agreement shall not be withheld, such provision shall have effect as though it were herein enacted.

(3) No shares of a Participant in the Bank shall, except with the prior consent of the Board of Directors conveyed in writing to the Participant by the General Manager, be or be liable to be sold in execution of any order or decree of any court or by any assignee in insolvency of the Participant, or if the Participant is a company, by any liquidator or otherwise in the course of any proceedings for the winding-up of the company.

(4) Where application is made to the Board of Directors for such prior consent as is required by subsection (1) or subsection (3), the Board may, in lieu of granting such consent, determine that the shares to which the application relates shall be acquired by any of the other shareholders.

(5) The preceding provisions of this section shall have effect notwithstanding anything in any written or other law, and in the event of any conflict or inconsistency between such preceding provisions and anything in any written or other law, such provisions shall prevail.

Valuation of  
Participant's  
shares.

63. Where the shares or any of the shares of a participant are to be acquired by a shareholder in pursuance of a determination under subsection (4) of section 62, the value of the shares which are to be so acquired shall be determined in such manner and upon such terms and conditions as shall be contained in that behalf in the Agreement under section 57 to which he is a party.

64. Payment for the shares or any of the shares in the Bank of a Participant which are acquired or purchased by a shareholder under the preceding provisions of this Act shall be paid by the shareholder.

Payment  
for shares  
acquired by  
a share-  
holder.

## PART V

### GENERAL

65. The provisions of the following written laws shall not apply to the Bank—

- (a) the Money Lending Ordinance ;
- (b) the Debt Conciliation Ordinance ; and
- (c) the Conciliation Boards Act, No. 10 of 1958.

Certain  
written  
laws not  
to apply  
to the  
Bank.

66. The Bank shall be deemed to be a credit institution for the purposes of the Monetary Law Act and accordingly the Bank may borrow from the Medium and Long Term Credit Fund of the Central Bank such sums as the Board of Directors may from time to time determine.

The Bank  
deemed to  
be a  
credit  
institution.

67. The Board of Directors may determine which classes of officers of the Bank shall give security to the satisfaction of such Board for the due and faithful performance of their duties. Every officer of the Bank belonging to any class so determined shall give such security.

Officers of  
the Bank to  
furnish  
security.

68. No Director or officer of the Bank shall be liable for any damage or loss suffered by the Bank, unless such damage or loss was caused by his misconduct or wilful default.

No liability  
for damage  
or loss  
caused  
otherwise  
than by  
misconduct  
or wilful  
default.

69. Every Director, manager, auditor, officer, servant, agent, accountant, or other person employed in the business of the Bank, shall before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Bank, its customers, and the state of accounts with any person and all matters relating thereto thereto and shall by such declaration pledge

Declaration  
of secrecy.

himself not to reveal any other matters which may come to his knowledge in the discharge of his duties except—

- (a) when required so to do—
    - (i) by the Board of Directors, or
    - (ii) by a court of law, or
    - (iii) by the persons to whom such matters relate;
  - (b) in the performance of his duties; and
  - (c) in order to comply with any of the provisions of this Act.

**Right to  
refuse to  
answer  
questions.**

70. Every Director, auditor, manager, secretary or other officer of the Bank shall, except when required to do so by a court or by any law, decline to answer any question concerning the business of the Bank which may be put to him on any occasion whatsoever, if he considers that the answer to such question would disclose or tend to disclose the secrets of the Bank or the business or affairs of any customer of the Bank.

**Receipts  
when  
valid.**

71. A receipt signed by the General Manager or by any person expressly authorized by the General Manager of the Bank to give receipts, shall be an effectual discharge for moneys paid to the Bank.

## **Contracts.**

72. (1) Contracts on behalf of the Bank may be made as follows :—

- (a) a contract which if made between private persons would be by law required to be in writing, may be made on behalf of the Bank in writing under the common seal of the Bank ;
  - (b) a contract which if made between private persons is by law required to be in writing, signed by the parties to be charged therewith, may be made on behalf of the Bank in writing signed by any person or persons duly authorized thereto as hereinafter provided ; and
  - (c) a contract which if made between private persons would by law be valid although made by parol only and not reduced into writing, may be made by parol on behalf of the Bank by any person or persons duly authorized thereto as hereinafter provided.

(2) A contract made according to this section shall be effectual in law and shall bind the Bank and all other parties thereto and their legal representatives.

(3) A contract made according to this section may be varied or discharged in the same manner in which it is authorised by this section to be made.

73. A bill of exchange or promissory note shall be deemed to have been made, executed, or endorsed on behalf of the Bank, if made, executed, or endorsed in the name of, or by or on behalf of or on account of the Bank by any person or persons duly authorized thereto as hereinafter provided.

Bills of  
exchange  
and  
promissory  
notes.

74. No person, other than the General Manager and the persons thereto expressly authorized by the Board of Directors and acting within the limits of the authority so conferred on them, shall have any authority to make, draw, accept or endorse any promissory note, bill of exchange, cheque or order for the payment of money in the name or on behalf of the Bank or to enter into any contract so as to impose thereby any liability on the Bank or otherwise to pledge the credit of the Bank.

Persons  
authorized  
to act on  
behalf of  
the Bank.

75. (1) The Bank may, by writing under its common seal, empower any person generally or in respect of any specific matter, as its attorney, to execute deeds on its behalf in any place outside Sri Lanka.

Execution  
of deeds  
abroad.

(2) A deed signed by such attorney on behalf of the Bank and under his signature or seal shall bind the Bank and have the same effect as if it were under its common seal.

76. The Board of Directors may make rules, which are not inconsistent with the provisions of this Act or with sound banking principles in respect of—

Rules.

- (a) any matter required by this Act to be prescribed;
- (b) any matter for which rules are required or authorized to be made under this Act; and
- (c) any matter necessary to enable the Bank to effectively carry out its purposes, exercise and perform its powers and duties, and carry on its business.

**Offences.**

77. (1) Any person who contravenes or fails to comply with any provision of this Act shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding one year, or to both such fine and imprisonment.

(2) Where an offence under this Act is committed by a body of persons, then,—

(a) if that body of persons is a body corporate, every director and officer of that body corporate ; or

(b) if that body of persons is a firm, every partner of that firm,

shall be deemed to be guilty of that offence :

Provided, however, that a director or officer of such body corporate, or a partner of such firm, shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that, he exercised all due diligence to prevent the commission of such offence.

**Special provisions relating to the share-holders.**

78. (1) Notwithstanding the provisions of sections 117 and 118 of the Monetary Law Act, Central Bank is hereby to subscribe to the capital of, and to purchase, guarantee or accept as security, any shares, stock, debentures, promissory notes or other securities issued by the Bank.

(2) Notwithstanding anything to the contrary in any other written law the Bank of Ceylon and the People's Bank are hereby authorized to subscribe to the capital of the Bank.

**Minister to give directions.**

79. The Minister may from time to time give general or special directions in writing as to the performance of the duties and the exercise of the powers of the Bank and it shall be the duty of the Bank to comply with such directions.

**Interpretation**

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

“approved credit institution” has the same meaning as “credit institution” in section 88F of the Monetary Law Act, and includes such other institutions as the Board of Directors may, from time to time, determine to be approved credit institutions for the purposes of this Act ;

“Board of Directors” means the Board of Directors of the Bank ;

“Central Bank” means the Central Bank of Ceylon established under the Monetary Law Act ;

“Monetary Board” means the Monetary Board of the Central Bank of Ceylon constituted under section 8 of the Monetary Law Act ;

“Bank of Ceylon” means the Bank of Ceylon established under the Bank of Ceylon Ordinance ;

“Peoples Bank” means the People’s Bank established under Act No. 29 of 1961 ;

“Director” means a member of the Board of Directors ;

“enterprise” means any body of persons, whether corporate or unincorporate, by whatsoever name or designation called, and includes a corporation sole or a sole proprietorship ;

“industry” includes tourism, and tourist services within the meaning of the Ceylon Tourist Board Act, No. 10 of 1966, mining and fisheries ; and the expression “industrial” shall be construed accordingly ;

“shareholder” means a shareholder of the Bank.

SCHEDULE

FORM A

[Section 50(3)]

Form of Certificate of Sale

WHEREAS the sum of ..... rupees is due to the National Development Bank of Sri Lanka from ..... and the land called ..... hereinafter more fully described, has been mortgaged by the said ..... on bond No. ..... as security for its payment in the manner provided by the said bond:

And whereas a sum due in respect of the said bond has not been paid by the said .....

And whereas the said land was sold in conformity with the National Development Bank of Sri Lanka Act, No. ..... of 1978, on the ..... day of ..... and the same was purchased by ..... of ..... for the sum of..... rupees, which has been duly paid by the said .....

Now know Ye that I, ..... (the General Manager of the National Development Bank of Sri Lanka), by virtue and in the exercise of the power vested in me in this behalf by the said Act and rules made thereunder, do hereby certify that the following property, to wit, (here describe the property with accuracy by metes and bounds), has been sold to ..... and purchased by the said ..... for the sum of ..... rupees, which he has duly paid, and that the said property is and shall henceforth be vested in the said ....., his heirs executors, administrators, and assigns.

Given under the Seal of the Bank at Colombo on this ..... day of ..... in the presence of ..... the General Manager of the Bank.

General Manager: .....

FORM B

[Section 50(3)]

Form of Certificate of Sale

WHEREAS the sum of.....rupees is due to the National Development Bank of Sri Lanka from.....as the land called ....., hereinafter more fully described, has been mortgaged by the said.....on bond No..... as security for its payment in the manner provided by the said bond:

And whereas a sum due in respect of the said bond has not been paid by the said.....:

And whereas the said land was sold in conformity with the National Development Bank of Sri Lanka Act No. .... of 1978, on the ..... day of ....., and the same was purchased for and on behalf of the National Development Bank of Sri Lanka by..... for the sum of.....rupees, which has been duly credited to the said Bank in part (or full, as the case may be) satisfaction of the sum due as aforesaid:

Now know Ye that I, ..... (the General Manager of the National Development Bank of Sri Lanka), by virtue and in exercise of the power vested in me in this behalf by the said Act and rules made thereunder, do hereby certify that the following property, to wit, (here describe the property with special accuracy by metes and bounds) has been sold and purchased by the said .....for and on behalf of the said Bank for the sum of .....rupees, and that the said premises are and shall henceforth be absolutely vested in the said Bank.

Given under the Seal of the Bank at Colombo on this ..... day of.....in the presence of....., the General Manager of the Bank.

\_\_\_\_\_,  
General Manager,