



THE  
CEYLON GOVERNMENT  
GAZETTE

EXTRAORDINARY.

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No. 8,260 – TUESDAY, DECEMBER 8, 1936.

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*Published by Authority.*

PART II.—LEGAL.

*(Separate paging is given to each Part in order that it may be filed separately.)*

DRAFT ORDINANCES.

MINUTE.

The following Draft of a proposed Ordinance is published for general information :—

An Ordinance to make provision for the regulation and control of the manufacture and sale of matches.

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**An Ordinance to make provision for the regulation and control of the manufacture and sale of matches.**

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows :—

- Short title.**                   **1** This Ordinance may be cited as the *Manufacture of Matches (Regulation) Ordinance, No.            of 1936.*
- Manufacture of matches and manufacture, import and supply of splints, &c. prohibited except under licence.**                   **2** (1) On and after a day to be appointed by the Governor by Proclamation in the Gazette, no person shall—
- (a) manufacture any matches, splints, veneers or boxes unless he is the holder of a licence authorising such manufacture ;
- (b) import any splints, veneers or boxes into Ceylon unless he is the holder of a licence authorising such import ;
- (c) supply any splints, veneers or boxes to any person who is not the holder of a licence to manufacture matches.
- (2) The Proclamation under sub-section (1) shall be published in the Gazette at least one month before the date appointed thereby.
- Application for licence.**                   **3** Every application for a licence shall be made to the Registrar-General in the prescribed form.
- Licences.**                                   **4** (1) Every licence shall be in the prescribed form and shall be in force for the period specified therein.
- (2) Every licence to manufacture matches, splints, veneers or boxes shall specify the premises to be used as a manufactory for such articles or any of them ; and every licence to manufacture matches shall, in addition, specify the maximum permitted monthly output of the manufactory.
- (3) No person other than the person named in a licence shall be deemed to be the holder of that licence for the purposes of this Ordinance.
- (4) No licence shall be issued to any person except upon payment of the prescribed fee.
- Issue of licences.**                       **5** (1) Every person who, before the date appointed by the Governor under section 2 (1), makes application to the Registrar-General for a licence to manufacture matches and proves to the satisfaction of the Registrar-General—
- (a) that he is, on the date of the application, the proprietor of a business established in Ceylon for the manufacture of matches in Ceylon ; and
- (b) that such business was established prior to the first day of June, 1936, and was carried on continuously from that day until the date of the commencement of this Ordinance,
- shall be entitled to obtain a licence for the manufacture of matches.
- (2) The maximum permitted output of the manufactory specified in the licence to manufacture matches issued to a person entitled to obtain such a licence under sub-section (1) shall be determined by the Registrar-General in such manner as shall be prescribed.
- (3) No licence to manufacture matches shall be issued by the Registrar-General to any person other than a person entitled to such a licence under sub-section (1) except in accordance with such regulations as may be made for the purpose of authorising the issue of licences to persons not so entitled.
- Revocation of licences.**                   **6** (1) Where any person who is the holder of a licence contravenes any of the conditions attached to that licence, the Registrar-General, may, after notice to such person and after inquiry held in such manner as may be prescribed, make order revoking the licence issued to that person.
- (2) Any person whose licence has been revoked by the Registrar-General by order made under sub-section (1) may appeal against that order to the Minister for Labour, Industry and Commerce in such manner as may be prescribed ; and the decision of the Minister on any such appeal shall be final and conclusive.
- Returns and information.**                   **7** (1) The Registrar-General may by notice in writing call upon any person engaged or suspected to be engaged in the manufacture, import, or supply of matches, splints, veneers or boxes to furnish before a specified date a return in the prescribed form containing such information as may be required for the purposes of this Ordinance.
- (2) Without prejudice to the generality of the powers conferred by sub-section (1), information may be called for in respect of all or any of the following matters :—
- (a) the actual or potential output of any manufactory in Ceylon at which matches, splints, veneers or boxes are manufactured ;

- (b) the quantities of such articles kept in stock or stored in any manufactory or other place or premises ;
- (c) the cost of manufacture of any such articles and the prices (both wholesale and retail) at which, and the quantities in which, such articles are sold, imported or supplied.

(3) Every return furnished under sub-section (1) shall be accompanied by a declaration that the statements contained in that return are true and accurate.

(4) Every declaration made for the purposes of sub-section (3) shall be free from stamp duty.

8 The Registrar-General or any person authorised by him in writing may, at any reasonable time during the day, enter any manufactory, store, godown, shed, land or premises for the purpose of—

Inspection of manufactories. &c.

- (a) inspecting, examining or taking an account or stock of any matches, splints, veneers or boxes ;
- (b) verifying any particulars mentioned in any application for a licence or any information furnished in any return made under this Ordinance.

9 The holder of a licence to manufacture matches shall not, at the manufactory specified in that licence, manufacture matches in excess of the maximum permitted monthly output of that manufactory.

Prohibition of manufacture of matches in excess of permitted output.

Regulations.

10 (1) The Executive Committee may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Ordinance.

(2) In particular and without prejudice to the generality of the powers conferred by sub-section (1), the Executive Committee may make regulations for or in respect of all or any of the following matters :—

- (a) all matters stated or required in this Ordinance to be prescribed ;
- (b) the form of applications for licences and the particulars to be entered therein ;
- (c) the form of licences, the period for which such licences shall be in force, the particulars to be entered therein and the conditions to be attached thereto, the fees or scales of fees payable therefor and the manner of paying such fees ;
- (d) the issue of licences, the introduction of a system of quotas for the manufacture of matches at manufactories, the allocation of quotas, the re-allocation of quotas on the revocation or cancellation of a licence and the conditions and restrictions applicable to such issue, allocation or re-allocation ;
- (e) the method by which the Registrar-General shall determine or vary the maximum permitted monthly output of a manufactory ;
- (f) the determination of the grades or standards of matches ;
- (g) the determination and notification of the minimum price below which or the maximum price above which matches shall not be sold either wholesale or by retail ;
- (h) the regulation of the issue of matches out of any manufactory and the determination of the maximum or minimum number of matches which may be packed in any box sold or offered for sale ;
- (i) the compulsory use of banderols, labels or stamps, the manner in which such banderols, labels or stamps shall be affixed on boxes, the issue and sale by the Registrar-General of banderols, labels and stamps and the prices or fees to be paid or recovered therefor ;
- (j) the supply of splints, veneers or boxes to persons licensed to manufacture matches ;
- (k) the control of manufactories of matches, splints, veneers or boxes, and the safety, health, wages and conditions of labour of persons employed in the manufacture of such articles ;
- (l) the registers and books which shall be kept for the purposes of this Ordinance, the forms of such registers and books and the particulars to be entered therein, and the forms of all returns and declarations required to be made for the purposes of this Ordinance ;
- (m) the importation or exportation of matches, splints, veneers or boxes ;
- (n) the inspection or search of any place or conveyance used for the manufacture, sale, storage or carriage of matches, splints, veneers or boxes ;

- (o) the detention and disposal of matches, splints, veneers or boxes ordered to be forfeited to His Majesty under this Ordinance ;
- (p) the manner of serving notices for the purposes of this Ordinance ;
- (q) inquiries and appeals under section 6 including the time within which such appeals may be preferred ;
- (r) the collection of statistics relating to the match industry ;
- (s) all matters incidental to or connected with the matters or subjects specifically referred to in this sub-section.

(3) Every regulation made by the Executive Committee shall be brought before the State Council by a motion that such regulation shall be approved and, if so approved, shall be submitted to the Governor for ratification. No regulation made by the Executive Committee shall have effect until it has been approved by the State Council and ratified by the Governor. Notification of such approval and ratification shall be published in the Gazette.

(4) A regulation made by the Executive Committee when approved by the State Council and ratified by the Governor shall, upon the notification of such approval and ratification in the Gazette, be as valid and effectual as if it were herein enacted.

**Offences.**

**11** (1) Any person who—

- (a) commits a breach of any of the provisions of this Ordinance or of any regulation made thereunder ; or
- (b) resists or obstructs any person in the performance of the duties imposed or in the exercise of the powers conferred upon him by this Ordinance ; or
- (c) omits or refuses to furnish a return or to supply any information required by the Registrar-General under this Ordinance ; or
- (d) makes in any declaration or return, furnished by him under this Ordinance, any statement which he knows to be false, or supplies to the Registrar-General any information which he knows to be false,

shall be guilty of an offence.

(2) Where grades or standards have been prescribed for matches, any person who sells or offers for sale any matches which do not conform to such grades or standards shall be guilty of an offence.

(3) Where maximum or minimum prices have been prescribed for any matches, any person who sells such matches or offers such matches for sale at a price above the maximum or below the minimum price prescribed for such matches, shall be guilty of an offence.

(4) Any person who attempts or conspires to commit any offence under this Ordinance shall be deemed to be guilty of that offence.

**Penalties.**

**12** (1) Any person who commits an offence under this Ordinance (other than an offence under section 13) shall, on conviction after summary trial before a Police Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a period not exceeding six months or to both such fine and imprisonment.

(2) The Police Magistrate may, on the conviction of any person of any offence relating to any matches, splints, veneers or boxes, make order declaring that such matches, splints, veneers or boxes shall be forfeited to His Majesty ; and where the holder of a licence is convicted of an offence under this Ordinance, the Police Magistrate may, in addition to any other penalty which he is authorised to impose for that offence, make order cancelling that licence.

**Forgery, &c.,  
of banderols,  
labels or  
stamps.**

**13** (1) Any person who forges or counterfeits, or uses, sells, offers for sale, disposes of, or has in his possession, knowing or having reason to believe the same to be forged or counterfeited, any banderol, label or stamp purporting to be issued by the Registrar-General, shall be guilty of an offence and shall be liable to imprisonment of either description for a term which may extend to two years or to a fine not exceeding one thousand rupees, or to both such imprisonment and fine.

(2) In any proceedings in which the genuineness of any banderol, label or stamp shall be in question, a certificate in the prescribed form, under the hand of the prescribed officer, to the effect that such banderol, label or stamp is spurious on the ground that it does not contain the characteristic features of a genuine banderol, label or stamp, as

the case may be, of corresponding denomination, number and date, shall be received in all courts of law as conclusive evidence of the spuriousness of such banderol, label or stamp.

(3) The prescribed officer who issues a certificate under sub-section (2) shall not be examined or cross-examined in any court of law with respect to any such certificate.

14 No prosecution shall be instituted against any person for any offence under this Ordinance except with the written sanction of the Attorney-General.

Prosecutions to be sanctioned by Attorney-General.

15 A person shall not be guilty of an offence under this Ordinance by reason only of the fact that he manufactures boxes in a cottage or dwelling-house, not on his own account, but on agreement with or as the employee of the holder of a licence to manufacture matches.

Manufacture of boxes as cottage industry.

16 (1) In this Ordinance, unless the context otherwise requires—

Interpretation.

“ box ” means the container in which matches are put up for sale and includes a paper envelope or any other container ;

“ Executive Committee ” means the Executive Committee of Labour, Industry and Commerce ;

“ licence ” means a licence issued by the Registrar-General under this Ordinance ;

“ manufactory ” means the premises in which matches splints, veneers or boxes are manufactured and includes any warehouse used for the storage or custody of such articles ;

“ matches ” includes safety and non-safety matches, lucifers, vestas, fuseses and vesuvians ;

“ prescribed ” means prescribed by this Ordinance or by any regulation made thereunder ;

“ Registrar-General ” includes an Assistant Registrar-General ;

“ regulation ” means a regulation made by the Executive Committee under this Ordinance ;

“ sale ” includes a sale by sample or grade and a sale for immediate or future delivery ;

“ splints ” means undipped splints such as are commonly used for making matches ;

“ veneers ” means veneers such as are ordinarily used for making boxes.

(2) Where a match-stick contains more heads than one capable of being ignited by striking, each such head shall be deemed to be a match.

17 The provisions of this Ordinance shall be in addition to and not in substitution or derogation of the provisions of any other written law relating to the manufacture of matches, splints, veneers or boxes or to factories established for such manufacture or to the licensing, supervision, or control of such factories, in so far as such other written law is not inconsistent with the provisions of this Ordinance.

Saving of provisions of other written law.

#### *Objects and Reasons.*

The object of this Bill is to make provision for the regulation and control of the manufacture and sale of matches in Ceylon.

2. Clause 2 provides that on and after a date to be appointed by the Governor by Proclamation in the Gazette no person will be allowed to manufacture matches, splints, veneers or boxes, or to import splints, veneers or boxes except under a licence issued by the Registrar-General. Licences to manufacture matches will, in the first instance, be issued only to persons who are the proprietors of match manufactories established in Ceylon before June 1, 1936. Every licence will specify the premises licensed as a manufactory and the maximum permitted monthly output of such manufactory. This output will be determined on a quota basis in accordance with regulations which will be made for the purpose by the Executive Committee of Labour, Industry and Commerce. Power will also be taken to fix the maximum and minimum prices at which matches may be sold and to prescribe grades and standards of manufacture for matches.

3. The early introduction of a system of quotas to control the manufacture of matches is considered to be essential for the protection of local business concerns which afford employment to indigenous labourers. It is due to the enterprise of these firms that a considerable reduction has been effected in the price of matches in the Island.

4. The control of the manufacture and importation of splints is necessary for the general protection of the industry and will, incidentally, encourage the use of Ceylon timber in the manufacture of matches.

5. It is not intended that the new law should interfere with the manufacture of boxes as a cottage industry and Clause 15 accordingly affords the necessary protection to those who, in their own homes, make boxes or containers not on their own account but on contract with the manufacturers of matches.

G. C. S. COREA,

Minister for Labour, Industry and Commerce.

Ministry of Labour, Industry and Commerce,  
Colombo, November 1, 1936.

### MINUTE.

The following Draft of a proposed Ordinance is published for general information :—

**An Ordinance to make provision for the creation and issue of Registered Stock, Government Promissory Notes and Bearer Bonds for the purpose of raising loans in Ceylon.**

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**An Ordinance to make provision for the creation and issue of Registered Stock, Government Promissory Notes and Bearer Bonds for the purpose of raising loans in Ceylon.**

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows :—

1 This Ordinance may be cited as the Registered Stock and Securities Ordinance, No.        of 1936, and shall come into operation on such date as the Governor shall appoint by Proclamation in the Gazette.

Short title and date of operation.

2 (1) Whenever by any Ordinance, whether enacted before or after the date on which this Ordinance comes into operation, authority has been or is hereafter given to raise any sum of money by way of loan for any purpose mentioned in that Ordinance, or whenever it is necessary to raise any sum of money for the purpose of repaying any loan raised by the Government under this or any other Ordinance, the Governor may from time to time raise such sum or any part thereof under the provisions of this Ordinance in any one or more of the following modes :—

Issue of registered stock promissory notes and bearer bonds for the purpose of raising authorised loans.

- (a) by the creation and issue of registered stock ;
- (b) by the issue of securities in the form of Government promissory notes ;
- (c) by the issue of securities in the form of bearer bonds.

(2) Registered stock or securities issued under this Ordinance for the purpose of raising any specified sum of money shall be deemed to be stock or securities issued in respect of a separate loan notwithstanding that the sum of money so raised is part only of a sum of money authorised by any other Ordinance to be raised by way of a loan.

3 The principal moneys and interest represented or secured by any registered stock or securities issued under this Ordinance are hereby charged upon and shall be payable out of the general revenue and assets of Ceylon.

Loans to be a charge upon revenue.

4 (1) The Governor shall, in respect of each loan to be raised under this Ordinance, specify by Order published in the Gazette—

Governor to specify mode of raising loan and other particulars.

- (a) the sum of money to be raised by that loan ;
- (b) the mode or modes of raising the loan ;
- (c) the rate of interest payable on the loan ;
- (d) the dates in each year on which the half-yearly interest on the loan shall be payable ;
- (e) the rate at which a half-yearly appropriation out of the general revenue and assets of Ceylon shall be made as a contribution to the sinking fund established for the purpose of redeeming that loan and the date from which such contributions shall commence ;
- (f) the date of redemption of the registered stock or securities to be issued for the purpose of raising that loan.

(2) The date of redemption of any registered stock or securities shall not be later than sixty years from the date of issue of such stock or securities.

(3) Where the Governor deems it expedient to reserve an option to redeem any registered stock or securities at any date earlier than the date of redemption specified for such stock or securities by the Order under sub-section (1), he shall by that Order further specify the terms and conditions on which such stock or securities may be redeemed at any earlier date.

Registrar to make necessary arrangements.

5 Upon the publication under section 4 of an Order of the Governor in respect of any loan to be raised under this Ordinance, the Registrar may, subject to the provisions of that Order and to such further directions as the Governor may issue in that behalf, make all such arrangements as may be necessary to raise that loan upon the most favourable terms that can be obtained.

*Registered Stock.*

Register of stock.

6 The Registrar shall keep a register in respect of each issue of registered stock under this Ordinance.

Liability of Government in respect of issue of registered stock.

7 The Government of Ceylon shall be bound to pay to the person registered for the time being as the owner of any registered stock (hereinafter called the "stockholder"), the principal sum represented by that stock and the interest due thereon, in accordance with the provisions of this Ordinance, at the rate and on the dates specified by the Governor by Order under section 4 or in pursuance of an option to redeem such stock reserved in that Order.

Stockholders.

8 For the purposes of this Ordinance, no person shall be entitled to any registered stock unless he is registered as a stockholder.

Registration of first stockholders.

9 No person shall be registered as the first stockholder of any registered stock except upon payment in full of the purchase price of that stock.

Stock certificates.

10 Every stockholder shall be entitled to obtain from the Registrar a stock certificate, that is to say, a certificate of the registration in the register of the name of that stockholder as the owner of the stock specified in that certificate. No stockholder of any stock, other than the first stockholder of that stock, shall be entitled to obtain a stock certificate except upon payment of the prescribed fee.

Transfer of registered stock.

11 (1) For the purposes of this Ordinance, the title of any stockholder to any registered stock shall not be deemed to be transferred to any other person except upon the execution of an instrument in writing signed by the stockholder and the transferee and upon the registration of that transferee as the stockholder in the manner hereinafter provided.

(2) Interest which has fallen due in respect of any registered stock but which has not been paid to the stockholder for the time being shall not be deemed to be payable to a transferee of that stock unless the instrument of transfer expressly provides for the payment of that interest to that transferee.

Registration of transfers of stock.

12 No person shall be registered as the transferee of any registered stock except upon payment of the prescribed fee and surrender to the Registrar of the stock certificate and the instrument of transfer relating to that stock.

Payment of interest to joint stockholders.

13 (1) Where two or more persons are registered as joint holders of any stock, it shall be lawful for the Registrar to pay any interest due thereon to the person whose name appears first in the register among those joint holders :

Provided, however, that where one or more of the joint holders, including the person whose name appears first in the register, is dead or under any legal disability, it shall be lawful for the Registrar on proof to his satisfaction of such death or disability, to pay such interest to that person whose name appears first on the register among the surviving joint holders or among the joint holders who are not under any such disability :

Provided, further, that if the first of such joint holders or, if that joint holder is dead or under any legal disability, then if the first of the surviving joint holders or the first of the joint holders who are not under legal disability requests the Registrar in writing to pay the interest due on such stock to any specified person, it shall be lawful for the Registrar to pay such interest to that person accordingly.



(2) Nothing herein contained shall affect the rights of joint holders of any registered stock *inter se* or any claim which the representative of a deceased person may have against the survivor or survivors under or in respect of any registered stock to which sub-section (1) applies.

14 The register of stock shall be closed for a period of fourteen days immediately preceding each date on which interest on that stock falls due ; and no transfer of that stock shall be registered during that period.

Closing of Register.

15 (1) No alteration shall be made in the register of stock except for the purpose of effecting or recording—

Alteration of register.

- (a) a transfer of registered stock ;
- (b) an exchange of registered stock for securities or of securities for registered stock ;
- (c) a subdivision or consolidation of registered stock ;
- (d) a devolution or vesting of title to registered stock on or in any person by reason of the death or insolvency of a stockholder or otherwise ;
- (e) a seizure or sequestration of stock by process of law ;
- (f) a change in the name, title or designation of any stockholder :

Provided that the Registrar may at any time alter the register for the purpose of correcting any *bona fide* clerical or arithmetical error.

(2) No alteration shall be made in the register except upon—

- (a) application made in such form as the Registrar may provide ;
- (b) proof to the satisfaction of the Registrar of the facts stated in the application and of any other matters relevant thereto ; and
- (c) payment of the prescribed fee.

16 The entries in the register of stock kept under this Ordinance shall be conclusive evidence of the facts, matters, particulars, and transactions to which those entries relate : Provided that nothing herein contained shall affect the provisions of Ordinance No. 12 of 1864 entitled “ An Ordinance to provide for the production in evidence of copies instead of originals of public documents ”.

Register to be conclusive evidence of facts entered therein.

#### *Government Promissory Notes.*

17 (1) Every promissory note shall be signed by the Registrar for and on behalf of the Government of Ceylon and shall, when issued, bind the Government of Ceylon to pay the principal sum mentioned in that note and the interest thereon in accordance with the provisions of this Ordinance, at the rate and on the dates specified in the Order of the Governor under section 4 or in pursuance of an option to redeem such notes reserved in that Order.

Government promissory notes.

(2) Promissory notes shall be issued in such denominations as the Governor may direct.

(3) The provisions of section 10 of the Money Lending Ordinance, No. 2 of 1918, shall have no application to any promissory note issued under this Ordinance.

18 Notwithstanding anything in the Bills of Exchange Ordinance, 1927—

Manner and effect of indorsement.

- (1) no indorsement of a Government promissory note shall be valid unless made by the signature of the holder written on the back of the note in one of the spaces provided for that purpose ;
- (2) a person shall not, by reason only of his having indorsed a Government promissory note, be liable to pay any money due either as principal or as interest thereon.

No. 25 of 1927.

19 (1) Notwithstanding anything in any law to the contrary—

Right of survivors of joint or several payees of promissory notes.

- (a) when a promissory note is payable to two or more persons jointly, and either or any of them dies, the note shall be payable to the survivor or survivors of those persons ; and
- (b) when a promissory note is payable to two or more persons severally, and either or any of them dies, the note shall be payable, to the survivor or survivors of those persons, or to the representative of the deceased, or to any of them.

(2) Nothing herein contained shall affect any claim which any representatives of a deceased person may have against the survivor or survivors under or in respect of any promissory note to which sub-section (1) applies.

*Bearer Bonds.*

Bearer bonds.

20 (1) Every bearer bond shall be signed by the Registrar for and on behalf of the Government of Ceylon and shall, when issued, bind the Government of Ceylon to pay the principal sum mentioned in that bond and the interest thereon in accordance with the provisions of this Ordinance, at the rate and on the dates specified in the Order of the Governor under section 4 or in pursuance of an option to redeem such bond reserved in that Order.

(2) Bearer bonds shall be issued in such denominations as the Governor may direct.

Interest coupons.

21 (1) There shall be attached to every bearer bond coupons for the payment of interest which fall due thereunder :

Provided that the number of coupons attached to a bearer bond on the date of its issue to any person may cover a period shorter than that of the currency of the bond if, in the opinion of the Registrar, it is inconvenient or inexpedient to attach to that bond coupons sufficient in number to cover the entirety of the period of the currency of the bond.

(2) If the number of coupons attached to any bearer bond on the date of its issue to any person is insufficient to cover all payments of interest due on that bond after that date, the holder of the bond shall be entitled to a renewal thereof at the prescribed time and in the prescribed manner and circumstances.

*Payment of interest and redemption of stock and securities.*

Appropriation of revenue for payment of interest.

22 So long as any interest is payable under this Ordinance in respect of any stock or securities, the Governor shall, in each half-year ending with the date on which the interest on such stock or securities falls due, appropriate out of the general revenue and assets of Ceylon a sum sufficient to meet all interest payable on that date and shall authorise the Registrar to pay such interest out of the sum so appropriated.

Payment of interest.

23 (1) The interest due on any registered stock or securities shall be payable half-yearly on the dates specified by Order of the Governor under section 4.

(2) Where any amount has become payable on any date as interest due on any registered stock or securities, no interest on that amount shall, after that date, be paid or payable by the Government to any person in any circumstances.

Cessation of liability to pay interest

24 No person shall be entitled to claim interest on any registered stock or securities in respect of any period which has elapsed after the earliest date on which demand could lawfully have been made for the payment of the principal amount due on such stock or securities.

Place of payment.

25 All payments of interest and all payments of the principal amount due on any registered stock or securities shall be made at the Treasury in Colombo : Provided that it shall be lawful for the Registrar or any person authorised by the Registrar in that behalf to pay any such interest or principal amount at any other place, whether within or outside Ceylon, in pursuance of any arrangement which the Registrar may make for that purpose.

Payment to minors and lunatics.

26 Any sum not exceeding five thousand rupees payable by way of interest or as principal in respect of any registered stock or security standing in the name of or held by a minor or lunatic may be paid in such manner as may be prescribed ; and, upon payment of any such sum in the prescribed manner, the Government shall, notwithstanding any written or other law to the contrary, be discharged from all liability to pay that sum.

*Sinking Funds.*

Appropriation of revenue for sinking fund.

27 After the date specified in the Order of the Governor under section 4 as the date from which contributions to the sinking fund for any loan shall commence, the Governor shall, in each half-year ending with the date specified in that Order for the payment of the half-yearly interest on any stock or securities issued in respect of that loan, appropriate out of the general revenue and assets of Ceylon a sum determined in accordance with the rate specified in that Order as the contribution to the sinking fund established for the purpose of redeeming that loan.

28 A separate sinking fund shall be established for each loan raised under this Ordinance.

Separate sinking fund for each loan.

29 (1) All moneys appropriated under section 27 as contributions to the sinking fund established for any loan shall be paid to the Trustees, and may by them be invested—

Investment of sinking fund.

- (a) in stock or securities issued in respect of that loan : provided that such stock or securities shall not, for the purpose of such investment, be purchased at a price in excess of their par value ; or
- (b) in such other investments or classes of investments as may be approved by the Governor.

(2) The Trustees may from time to time in their discretion vary any investment made under sub-section (1) or may realise and re-invest any moneys invested under that sub-section ; and the provisions of sub-section (1) shall apply in like manner to any such variation or re-investment.

30 The dividends, interest, bonus and other profits of any investment of any part of any sinking fund shall be invested by the Trustees so as to form part of that sinking fund in like manner as moneys appropriated under section 27 as contributions to that sinking fund.

Investment of interest on sinking fund.

31 Notwithstanding anything to the contrary contained in this Ordinance, if at any time the Trustees are satisfied that the sinking fund of any loan raised under the provisions of this Ordinance will be sufficient with further accumulations of interest, but without further payments of contributions, to enable the loan to be redeemed at the time fixed for its redemption, they shall inform the Governor accordingly ; and the Governor is hereby authorised in such event to suspend further payments of half-yearly contributions to that sinking fund :

Cessation of contributions to sinking fund.

Provided, however, that the contributions to that sinking fund shall be recommenced if the Trustees at any time thereafter inform the Governor that they are no longer satisfied that the sinking fund with further accumulations of interest will be sufficient for the redemption of that loan.

32 There shall be paid out of the sinking fund all expenses specifically incurred in, or incidental to, the investment and management of that fund and the repayment of the loan for which that fund was established.

Expenses to be paid out of sinking fund.

33 In the event of the sinking fund established for any loan under this Ordinance being found, at the time fixed for the repayment of that loan, to be insufficient for such redemption, the deficiency shall be made good out of the general revenue and assets of Ceylon.

Deficiency in sinking fund to be a charge upon revenue.

#### *Conversion of Loans.*

34 The Governor shall have and may from time to time exercise the following powers and authorities or any of them:—

Power of Governor to authorize—

- (a) he may declare any stock or securities issued in Ceylon under the provisions of this or any other Ordinance to be convertible into registered stock or other securities to be issued under the provisions of this Ordinance ;
- (b) he may authorise the creation and issue under this Ordinance of such an amount of registered stock or securities as may be necessary for the conversion of the stock or securities in respect of which a declaration has been made under paragraph (a) ;
- (c) he may authorise the creation and issue under this Ordinance of such registered stock or securities as may be necessary for the purpose of paying any expenses incurred in the creation and issue of registered stock or securities under this section ;
- (d) he may declare that all privileges, exemptions and immunities attaching by virtue of any written law in force in Ceylon to any stock or securities shall attach to any new registered stock or securities issued under this Ordinance in conversion of such earlier stock or securities.

(a) conversion of loans generally ;

(b) creation and issue of stock or securities necessary for conversion ;

(c) creation and issue of stock or securities to meet expenses of conversion ;

(d) new stock or securities to have all privileges of original stock or securities.

35 Any conversion authorised under section 34 may be effected either by arrangement with the holders of existing stock or securities, or by purchase thereof out of moneys raised by the sale of stock or securities, or partly in one way and partly in the other.

Arrangements for conversion.

*Issue of Duplicates and Renewals of Stock Certificates and Securities.*

Issue of duplicate stock certificates.

36 When a stock certificate is lost, stolen or destroyed either wholly or in part, the Registrar may, on proof to his satisfaction of such loss, theft or destruction and on payment of the prescribed fee, issue a duplicate stock certificate in the name of the stockholder of the registered stock to which the stock certificate relates. Every duplicate stock certificate so issued shall have the word "DUPLICATE" printed, impressed or stamped thereon.

Issue of duplicate securities.

37 (1) When a security is alleged to have been lost, stolen or destroyed either wholly or in part, and a person claims to be the person to whom but for the loss, theft or destruction it would be payable, he may, on application to the Registrar and on producing proof to the satisfaction of the Registrar of the loss, theft or destruction and of the justice of the claim, obtain from the Registrar on payment of the prescribed fee, an order for—

- (a) the payment of interest in respect of such security said to be lost, stolen or destroyed, pending the issue of a duplicate security; and
- (b) the issue after a period to be specified in the order of a duplicate security payable to the applicant.

(2) An order shall not be made under sub-section (1) until after the issue of the prescribed notification of the loss, theft or destruction.

(3) The loss of the security in respect of which an order is made under sub-section (1) shall be published in the prescribed manner.

(4) If at any time before the Government becomes discharged under the provisions of this Ordinance from liability in respect of any security the whole of which is alleged to have been lost, stolen or destroyed, such security is found, any order passed in respect thereof under this section shall be cancelled.

Renewal of stock certificates and securities.

38 On the surrender to the Registrar of a stock certificate or promissory note or bearer bond which is defaced or damaged, or of a promissory note in which the spaces provided for indorsement have all been used for that purpose, or of a bearer bond at the end of the period which the interest coupons originally attached to that bond were intended to cover, the Registrar may, if he is satisfied that the claim of the person surrendering the certificate, note or bond is just and lawful, issue to such person on payment of the prescribed fee, if any, a new certificate, note or bond of the same class or series and value, and shall thereupon cancel the certificate, note or bond surrendered to him for renewal.

Right of Registrar to compel renewal of securities.

39 It shall be lawful for the Registrar, in such circumstances as may be prescribed—

- (a) to issue a notice to the holder of any security directing him to apply for a renewal of that security; and
- (b) to withhold payment of the interest or principal amount due in respect of that security until the application for renewal has been made and determined.

Renewal of promissory note in case of dispute as to title.

40 (1) Where there is a dispute as to the title to a promissory note in respect of which application for renewal has been made, the Registrar may—

- (a) where any party to the dispute has obtained a final decision from a court of competent jurisdiction declaring him to be entitled to such note, issue a renewed note in favour of such party, or
- (b) refuse to renew the note until such a decision has been obtained, or
- (c) after such inquiry as he may deem necessary, declare by order in writing which of the parties is, in his opinion, entitled to such note, and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party, unless within that period he has received notice that proceedings have been instituted by any person in a court of competent jurisdiction for the purpose of establishing title to such note.

In this sub-section, the expression "final decision" means a decision from which no appeal or further appeal lies or any decision which is appealable but against which no appeal has been filed within the period of limitation allowed by law.

(2) The Registrar may for the purposes of any inquiry under this section exercise all or any of the powers of a Commissioner under Ordinance No. 9 of 1872.

41 On application made by any person claiming to be the holder of any registered stock or securities issued under this Ordinance, the Registrar may, if he is satisfied that the applicant is the lawful holder of such stock or securities, and on payment of the prescribed fee, exchange stock for securities or securities for stock or securities of one kind for securities of the other kind :

Exchange of registered stock and securities.

Provided that—

- (a) all stock and securities so given or taken in exchange shall have been issued in respect of the same loan ; and
- (b) the nominal value of the stock or securities given by the Registrar in exchange shall be the same as the nominal value of the stock or securities taken by him in exchange.

42 Subject to such conditions as may be prescribed, the Registrar may—

Consolidation and subdivision of stock and securities.

- (a) on the application of a person claiming to be entitled to any stock or securities, and
- (b) on being satisfied of the justice of the claim of such applicant, and
- (c) on surrender of the stock certificate relating to such stock or of such securities received in the prescribed manner, and
- (d) on payment of the prescribed fee,

consolidate or subdivide such stock or securities and issue to the applicant one or more new stock certificates or securities as may be required.

43 (1) When a renewed promissory note has been issued under section 38 or section 40, or a new promissory note has been issued on an exchange under section 41 or upon a consolidation or subdivision under section 42, in favour of any person, the note so issued shall be deemed to constitute a new contract between the Government and such person and all persons deriving title thereafter through him.

Liability in respect of promissory note renewed, &c.

(2) No such renewal, exchange, consolidation or subdivision shall affect the rights as against the Government of any other person to the security or securities so renewed, exchanged, consolidated or subdivided or to any stock so exchanged.

44 Where application is made to the Registrar under this Ordinance for the issue of a duplicate stock certificate or a duplicate security or for the exchange, renewal, consolidation or subdivision of any stock or securities, the Registrar may require the applicant, as a condition precedent to the grant of the application, to execute a bond with or without sureties undertaking to indemnify the Government against the claims of all persons claiming under the original stock certificate or security or under the stock or securities so exchanged, renewed, consolidated or subdivided, as the case may be.

Indemnity bonds.

45 On payment by or on behalf of the Government to the holder of a bearer bond of the amount expressed therein on or after the date when it becomes due or on the renewal of a bearer bond under section 38, or on the renewal of a promissory note under section 40, or on the exchange of a bearer bond under section 41, or on the consolidation or subdivision of a bearer bond under section 42, the Government shall be discharged in the same way and to the same extent as if such bearer bond or promissory note were a promissory note payable to bearer :

Immediate discharge in certain cases.

Provided that in the case of a promissory note renewed under section 40, nothing in this section shall be deemed to bar a claim against the Government in respect of such note by any person who had no notice of proceedings under that section or who derives title through a person who had no such notice.

46 Save as otherwise provided in this Ordinance, the liability of the Government shall—

Discharge in other cases.

- (a) in respect of any registered stock or security redeemed on or after the date on which payment of the principal amount becomes due, be discharged after the lapse of six years from that date ;

- (b) in respect of any security in place of which a duplicate is issued under section 37, be discharged after the lapse of six years from the date of the first notification under section 37 (3) published in respect of such security or from the date of the last payment of interest on such security, whichever date is the later ;
- (c) in respect of a security for which a renewed security is issued under section 38 or section 40, or in respect of stock or securities in place of which new stock or securities are issued upon an exchange under section 41, or upon a consolidation or subdivision under section 42, be discharged after the lapse of six years from the date of the issue of the renewed security or of the new stock or securities, as the case may be.

Summary  
procedure in  
special cases.

47 (1) If within six months of the death of a person who was entitled to registered stock or to a promissory note the nominal or face value of which does not in the aggregate exceed five thousand rupees, probate of the will or letters of administration of the estate of such person is not produced to the Registrar, he may, after such inquiry as he may deem necessary, determine who is the person entitled to such stock or promissory note or to administer the estate of the deceased and may—

- (a) where any such stock relates to a loan due for repayment, authorise the registration of the name of such person in substitution for the name of the deceased in the register of stock and the payment to such person of the amount due in respect of that stock ;
- (b) where any such promissory note relates to a loan due for repayment, authorise payment to such person of the amount due on that promissory note ;
- (c) where any such stock or promissory note relates to a loan not due for repayment, authorise, in the case of stock, the registration of the name of such person in substitution for the name of the deceased, and, in the case of a promissory note, the renewal of such promissory note in favour of such person.

(2) Upon the payment or renewal of any promissory note in accordance with sub-section (1), the Government shall be discharged from all liability in respect of the note so paid or renewed ; and any substitution of names made under that sub-section shall, for the purposes of any claim against the Government, be deemed to have effected a valid transfer of the stock in respect of which it was made.

(3) Any creditor or claimant against the estate of the deceased may recover his debt or claim out of money paid to any person under sub-section (1) and remaining in his hands unadministered in the same manner and to the same extent as if the said person had obtained letters of administration of the estate of the deceased ; and nothing in this section shall affect any claim of an executor or administrator or other representative of the deceased against such person other than a claim to recover amounts lawfully paid by him in due course of administration of the estate of the deceased.

*Miscellaneous.*

Registrar and  
Trustees.

48 (1) For the purposes of this Ordinance—

- (a) the Deputy Financial Secretary shall be the Registrar ; and
- (b) the Deputy Chief Secretary and the Deputy Financial Secretary shall be the Trustees of the sinking fund established for each loan.

(2) The Registrar may by writing under his hand delegate to any officer of the Department of the Deputy Financial Secretary any of the powers or duties conferred or imposed upon him by this Ordinance.

Signature of  
Registrar may  
be printed on  
stock or  
securities.

49 The signature of the Registrar may be printed, stamped, engraved, or impressed by any mechanical process on any stock certificate, promissory note or bearer bond and a signature so printed, stamped, engraved or impressed shall be as valid as if it had been inscribed in the proper handwriting of the Registrar.

Holding of  
stock and  
securities by  
holders of  
public and  
other offices.

50 (1) In the case of any public or other office to which the Governor may by Notification in the Gazette declare this sub-section to apply—

- (a) registered stock may be issued to or transferred to or by the holder for the time being of that office by the name of his office ;
- (b) a promissory note may be made or indorsed payable to or to the order of the holder of that office by the name of his office.

(2) When registered stock or a promissory note is issued to or held by the holder of an office to which sub-section (1) applies, such stock or promissory note shall be deemed to be transferred, notwithstanding anything to the contrary in this Ordinance, from each holder of the office to the succeeding holder of the office on the date on which the latter takes charge of the office.

(3) When the holder of an office to which sub-section (1) applies indorses to a third party a promissory note made or indorsed as aforesaid, he shall subscribe the indorsement with his name and the name of the office.

(4) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

51 (1) Save as otherwise provided in or under this Ordinance, no notice of any trust in respect of any registered stock or securities shall be receivable by the Registrar or by the Government.

Notice of  
Trust not  
receivable  
save as  
provided.

(2) The Registrar shall not be deemed to have received notice of any trust by reason only of the fact that he has recognised an indorsement on a Government promissory note by an executor or an administrator as such, nor shall he inquire into the terms of any will by which such executor or administrator may be bound; but, on being satisfied of the due appointment of such executor or administrator, he shall be entitled to treat such executor or administrator as the owner of any promissory note belonging to the estate represented by such executor or administrator.

52 The provisions of section 229 of the Civil Procedure Code, 1889, shall apply to the seizure of stock or securities by the Fiscal in the execution of a decree of court, as if stock certificates or securities were share certificates and as if the Registrar were the proper officer of a company or corporation referred to in that section.

Seizure of  
stock or  
securities by  
Fiscal.

53 All documents or instruments made or used under the provisions of this Ordinance shall be in such form as the Financial Secretary may specify and shall be free from stamp duty, anything in any other Ordinance to the contrary notwithstanding.

Exemption  
from stamp  
duties.

54 (1) No person shall be entitled to inspect, or to receive information derived from, any registered stock or security in the possession of the Government or any register, book or other document kept or maintained by or on behalf of the Government in relation to registered stock or securities, save on payment of such fee and save in such circumstances and on such terms and conditions as may be prescribed.

Inspection  
of register and  
documents.

(2) Nothing in this section shall apply to the Auditor-General or to the Commissioner of Income Tax.

55 (1) The Governor may make regulations for the purpose of giving effect to the provisions of this Ordinance.

Regulations.

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters:—

- (a) the manner in which payment of interest in respect of stock or securities is to be made and acknowledged;
- (b) the circumstances in which promissory notes must be renewed before further payment of interest thereon can be claimed;
- (c) the fees to be paid in respect of the issue of duplicate stock certificates or securities and of the renewal, exchange, consolidation and subdivision of stock or securities;
- (d) the proof required to be produced by persons applying for duplicate stock certificates or securities;
- (e) the conditions subject to which stock or securities may be exchanged, consolidated or subdivided;
- (f) enabling holders of registered stock to be described in the register of stock as trustees, and either as trustees of any particular trust or as trustees without qualification, and for the recognition of powers of attorney granted by holders of stock so described;
- (g) the holding of registered stock or promissory notes by the holders of offices other than public offices, and the manner in which and the conditions subject to which stock so held may be transferred;
- (h) all matters required by this Ordinance to be prescribed and all matters incidental to or connected with the matters hereinbefore enumerated.

(3) Nothing in any regulation made under heads (f) and (g) shall, as between any trustees or as between any trustees and beneficiaries under a trust, be deemed to authorise the trustees to act otherwise than in accordance with the rules of law applying to the trust and the terms of the instrument constituting the trust; and neither the Government nor the Registrar nor any person holding or acquiring any interest in any registered stock shall by reason only of any entry in the register of stock or of anything in any document or instrument relating to registered stock, be affected with notice of any trust or of the fiduciary character of any stockholder or of any fiduciary obligation attaching to the holding of any registered stock.

(4) All regulations made by the Governor shall be published in the Gazette and shall upon such publication be as valid and effectual as if herein enacted.

Delegation of powers of Governor.

56 The Governor may by Order published in the Gazette delegate to the Financial Secretary any power conferred on the Governor by this Ordinance subject to such conditions, reservations and restrictions as may be specified in the Order.

Savings.

57 Nothing in this Ordinance contained shall affect the provisions of—

No. 32 of 1884.  
No. 8 of 1892.

The Ceylon Paper Currency Ordinance, 1884 ;  
The Ceylon Inscribed Rupee Stock Ordinance, 1892 ;  
The General Loan and Inscribed Stock Ordinance, No. 5 of 1921 ;  
The Colonial Treasury Bills Ordinance, No. 7 of 1923 ;  
The Colonial Treasury Bills Ordinance, No. 8 of 1923 ;

or any stock, debentures, Treasury bills or other Government securities issued thereunder.

Interpretation.

58 In this Ordinance, unless the context otherwise requires—

“ bearer bond ” means a bearer bond issued under this Ordinance ;

“ prescribed ” means prescribed by this Ordinance or by any regulation made thereunder ;

“ promissory note ” means a Government promissory note issued under this Ordinance ;

“ register of stock ” means the register of stock kept under section 6 ;

“ registered stock ” or “ stock ” means registered stock issued under this Ordinance ;

“ security ” means a bearer bond or a promissory note ;

“ stockholder ” means the person registered for the time being as the owner of any registered stock.

#### *Objects and Reasons.*

The object of this Bill is to enable loans to be raised in Ceylon by the creation and issue of registered stock, Government promissory notes and bearer bonds. The requisite authority to raise a new loan will, in each case, have to be granted by the State Council by an Ordinance which will prescribe the amount of the loan to be raised and the purpose to which it may be applied. This Bill merely provides the ancillary procedure and machinery whereby registered stock, promissory notes and bearer bonds may be issued as securities to members of the public who would like to invest their money in local loans which carry a Government guarantee.

2. Though the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, enables Ceylon loans to be raised in England by the issue of inscribed stock, and though the Ceylon Inscribed Rupee Stock Ordinance, 1892, authorises the issue of inscribed rupee stock in Ceylon, it is considered that the securities which will be available when this Bill becomes law will prove more convenient and attractive to local investors. Government promissory notes, in particular, have become a popular form of investment in India and there is reason to anticipate that the issue of such notes in Ceylon will supply a longfelt need.

3. A transaction relating to inscribed stock has to be inscribed in the Register relating to that stock under the signature of the stockholder or his duly appointed attorney. This procedure is both inconvenient and cumbersome. The Bill, therefore, provides for the creation and issue of registered stock which differs from inscribed stock in that transfers of registered stock may be made by deed, though it is necessary that the name of the transferee should later be entered by the Registrar in the register in order to pass title to that stock



to the transferee. Clauses 6 to 16 make provision for the creation and issue of registered stock, the issue of stock certificates and the procedure for effecting transfers of such stock.

4. Government promissory notes (Clauses 17 to 19) will be negotiable instruments, but they differ from ordinary promissory notes in two respects: in the first place, only the Government is liable to pay the principal amount of the note and the interest due thereon, the indorser incurring no liability on the note by indorsement; secondly, an indorsement, to be valid, must be made in the cage provided for that purpose on the back of the note.

5. Bearer bonds (Clauses 20 and 21) are negotiable instruments payable to bearer. They will, therefore, be negotiable by delivery. Attached to each bearer bond will be a set of coupons each of which is sufficient authority to recover payment of the half-yearly interest payable on the bond. When all the coupons have been used, another bond, with a complete set of coupons attached, will be issued on application made for renewal of the bond (Clause 38).

6. Clauses 22 to 26 make provision for the payment of interest and the redemption of stock and securities. The Deputy Financial Secretary will be in charge of the administration of the Ordinance (Clause 48), and all payments will ordinarily be made at the Treasury in Colombo, though arrangements for payment elsewhere will be made to suit the convenience of holders of stock and securities. The Governor will be authorised to appropriate out of the general revenue of Ceylon such sums as are required from time to time for the purpose of paying interest (Clause 22). A separate sinking fund will be constituted for each loan (Clause 28). Provision similar to that contained in the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, has been inserted authorising the conversion of loans which have been raised by the issue of stock or securities (Clause 34).

7. Clauses 36 to 47 contain technical provisions relating to the issue of duplicate securities when the originals have been lost, stolen or destroyed and to the renewal, exchange, consolidation and subdivision of stock and securities. The remainder of the Bill consists of a number of clauses which deal with miscellaneous matters for which necessary provision has to be made in order to facilitate the administration and to secure the effective operation of the law. Holders of public and other offices will be entitled to have stock and promissory notes issued to them in the names of their respective offices (Clause 50). All documents executed for the purposes of the Ordinance will be exempt from stamp duty (Clause 53). Regulations will be made to deal with other matters of detail and procedure which are not considered to be of sufficient importance to warrant inclusion in the text of the Bill.

H. J. HUXHAM,  
Financial Secretary.

Colombo, December 3, 1936.

### MINUTE.

The following Draft of a proposed Ordinance is published for general information:—

**An Ordinance to authorise a sum of One Hundred Million rupees to be raised by way of loan for the construction of certain public works and for other purposes.**

#### TABLE OF SECTIONS.

1. Short title.
2. Authority to raise loan.
3. Method of raising loan.
4. Authority to raise additional sums for incidental expenses, &c.
5. Determination of sterling equivalent of authorised loan.
6. Appropriation of loan.
7. Variation of appropriation authorised in Schedule.
8. Refund from loan to revenue.
9. Power to issue Treasury Bills and to repay expenditure in respect thereof from loan.
10. Date of first contribution to sinking fund of loan issued under Ordinance No. 5 of 1921.
11. Exemption from taxes and duties.

**An Ordinance to authorise a sum of One Hundred Million rupees to be raised by way of loan for the construction of certain public works and for other purposes.**

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows :—

Short title.	<b>1</b> This Ordinance may be cited as the Public Works Loan Ordinance, No. of 1936.
Authority to raise loan.	<b>2</b> The Governor is hereby authorised to raise by way of loan a sum not exceeding One Hundred Million rupees for the purposes mentioned in the first column of the Schedule.
Method of raising loan.	<b>3</b> The loan or any part of the loan authorised by this Ordinance may be raised at such time or times as the Governor may determine under the provisions of the Registered Stock and Securities Ordinance, No. of 1936, or of the General Loan and Inscribed Stock Ordinance, No. 5 of 1921.
Authority to raise additional sums for incidental expenses, &c.	<b>4</b> In addition to the sum specified in section 2, the Governor is hereby authorised to raise in the manner prescribed in section 3 such further sums as may be necessary for the purpose— <div style="margin-left: 20px;"> <p>(a) of defraying the expenses incurred in raising the loan or any part thereof; and</p> <p>(b) of paying the stamp duty on transfers of such stock as may be issued under the General Loan and Inscribed Stock Ordinance, No. 5 of 1921.</p> </div>
Determination of sterling equivalent of authorised loan.	<b>5</b> For the purpose of determining in sterling currency the amount of any loan or part of a loan authorised by this Ordinance to be raised in rupee currency, one shilling and six pence shall be deemed to be the equivalent of one rupee.
Appropriation of loan.	<b>6</b> Save as hereinafter provided, the sums respectively specified in the second column of the Schedule shall, out of any moneys raised under the authority of this Ordinance, be appropriated and applied for the purposes mentioned in the corresponding entries in the first column of that Schedule : <p style="margin-left: 20px;">Provided that no expenditure shall be incurred in respect of Items 42 to 46 in the Schedule until such expenditure shall have been approved by a resolution passed by the State Council and ratified by the Governor.</p>
Variation of appropriation authorised in Schedule.	<b>7</b> It shall be lawful for the Governor to direct that any sum or part of any sum appropriated by or under this Ordinance for any purpose mentioned in the first column of the Schedule, shall, if it is not required for that purpose, be appropriated and applied to any other purpose whether mentioned in the Schedule or not : <p style="margin-left: 20px;">Provided that no such direction shall be given by the Governor unless the variation of the appropriation made in the Schedule shall first have been approved by resolution duly passed by the State Council.</p>
Refund from loan to revenue.	<b>8</b> Out of the total sum raised under the authority of this Ordinance, there shall be refunded to the general revenue of Ceylon— <div style="margin-left: 20px;"> <p>(a) a sum not exceeding Sixteen Million rupees in repayment of all sums expended out of the general revenue prior to the first day of October, 1936, in respect of any of the items mentioned in the Schedule hereto ; and</p> <p>(b) all sums expended out of the general revenue on or after the first day of October, 1936, in respect of any of the said items.</p> </div>
Power to issue Treasury Bills and to repay expenditure in respect thereof from loan.	<b>9</b> (1) In anticipation of the raising of any loan or of any part of any loan under the authority of this Ordinance, the Governor may, if he thinks fit, raise such sum as he may deem necessary by the issue of Treasury Bills under the Colonial Treasury Bills Ordinance, No. 7 of 1923, or the Colonial Treasury Bills Ordinance, No. 8 of 1923, or under both those Ordinances. <p style="margin-left: 20px;">(2) Every sum raised under this section shall be applied in the manner authorised for the loan or part of the loan in respect of which that sum is raised, and upon the raising of such loan or part of such loan the Governor may—  <div style="margin-left: 40px;"> <p>(a) expend therefrom such amounts as may from time to time be necessary to meet the liabilities of the Government in respect of the Treasury Bills issued under sub-section (1), or,</p> </div> </p>

- (b) where such liabilities have been met in the first instance out of general revenue, refund to the general revenue such sums as may have been expended therefrom for that purpose.

10 Where the loan or any part of the loan authorised by this Ordinance is issued under the provisions of the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, the date from which contributions to the sinking fund shall commence shall be such date, not later than three years after the date from which interest on such loan may first become payable, as the Governor may determine.

Date of first contribution to sinking fund of loan issued under Ordinance No. 5 of 1921.

11 The interest payable—

- (a) upon any inscribed stock or debentures issued by authority of this Ordinance under the General Loan and Inscribed Stock Ordinance, No. 5 of 1921, and
- (b) upon any registered stock, promissory notes or bearer bonds issued by authority of this Ordinance under the Registered Stock and Securities Ordinance, No. of 1936, and held by the Government of any part of His Majesty's Dominions (including therein any British protectorates or protected state and any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty),

Exemption from taxes and duties.

shall be exempt from all taxes and duties leviable or payable under any written law in force in Ceylon notwithstanding anything in any such written law to the contrary.

#### SCHEDULE.

I.	II.
<i>New Works and Buildings.</i>	
	Rs.
1. New office accommodation in Colombo ..	2,000,000
2. Law Courts ..	2,000,000
3. New buildings for the Government Stores Department ..	1,250,000
4. Wireless beacons ..	84,000
5. Komari Lighthouse ..	141,000
6. Aerodrome at Ratmalana and Emergency Landing Ground, Puttalam ..	400,000
7. House of Detention and Home for Vagrants at Wanatamulla ..	170,000
8. Training School for Youthful Offenders at Watupitiwela ..	480,000
9. Model Processing house for Jaffna Malayalam Tobacco Co-operative Sale Society ..	60,000
10. Veterinary Department and Farm School (Transfer and reorganisation) ..	150,000
11. Erection of a Public Aquarium ..	175,000
12. Replacement of the S.T. "Nautilus" (Department of Fisheries) ..	150,000
13. Improvements to existing salterns and construction of brine tanks ..	100,000
14. Plants for manufacture of refined salt, &c., and of caustic soda and chloride of lime ..	185,000
15. Out-Patient Dispensary for Colombo ..	750,000
16. Hospital for Incurables ..	150,000
17. Leper Hospital ..	330,000
18. Mental Hospital ..	325,000
19. Acquisition of land for building quarters for the resident staff of the General Hospital who now live in rented buildings ..	500,000
20. Acquisition of land in Colombo for reclamation ..	600,000
21. Extension to Laboratories, University College ..	200,000
22. Extension of the Colombo Museum ..	300,000
23. State Council and Secretariat Buildings ..	3,701,297
<i>Roads and Bridges.</i>	
24. High-Level Road to Avissawella ..	2,616,747
25. Alawwa Bridge ..	358,833
26. Widening Colombo-Galle Road ..	5,250,000
27. Hayes-Lauderdale Road ..	50,000
<i>Water Supply Scheme.</i>	
28. Water Supply, Trincomalee ..	1,000,000
<i>Post and Telegraph.</i>	
29. New Workshops and new Sorting Office, Colombo ..	1,000,000
30. New Post Offices and Postal Buildings in different parts of the Island ..	500,000
31. Modernizing the existing telephone system, including buildings, and extensions to the existing Government Telephone Systems ..	3,177,000
32. Radio Development ..	245,000

I.		II.
<i>Colombo Port Commission.</i>		Rs.
33.	Oil Dock, Deep Water Quay, &c. ..	12,000,000
34.	Two new Tugs ..	1,000,000
35.	Lebnitz Rock Breaker ..	300,000
36.	New Caisson for Graving Dock ..	400,000
37.	Third Lock and Bridge at McCallum Road ..	670,000
38.	Deepening Colombo Harbour ..	860,000
39.	Rock removal ..	380,000
40.	Extension to Graving Dock ..	1,120,000
<i>Electrical Undertakings.</i>		
41.	Hydro-Electrical Scheme and other Electrical extensions and new works ..	24,000,000
<i>Irrigation Works.</i>		
42.	Irrigation Schemes ..	15,150,000
<i>Miscellaneous.</i>		
43.	Government Model Farms ..	1,000,000
44.	Industrial Development ..	3,000,000
45.	Water Supply Schemes ..	7,500,000
46.	Other works of development ..	4,221,123
		100,000,000

*Objects and Reasons.*

The object of this Bill is to authorise a sum of Rs. 100,000,000 to be raised by way of loan under the provisions of the Registered Stock and Securities Ordinance, No. of 1936, and of the General Loan and Inscribed Stock Ordinance, No. 5 of 1921. The moneys raised will be used to finance the construction of the public works mentioned in the first column of the Schedule to the Bill and will be appropriated for such purpose in accordance with the allocations made in the second column of that Schedule.

Colombo, December 3, 1936.

H. J. HUXHAM,  
Financial Secretary.

MINUTE.

The following Draft of a proposed Ordinance is published for general information :—

**An Ordinance to declare and amend the Kandyan Law in certain respects.**

BE it enacted by the Governor of Ceylon, with the advice and consent of the State Council thereof, as follows :—

Short title and application.

1 This Ordinance may be cited as the Kandyan Law Declaration and Amendment Ordinance, No. of 1936, and shall apply to persons subject to the Kandyan law.

Interpretation.

2 In this Ordinance, unless the context otherwise requires—

- (a) "gift" means a voluntary transfer, assignment, grant, conveyance, settlement, or other disposition *inter vivos* of immovable property, made otherwise than for consideration in money or money's worth;
- (b) "donor" means a person who has made a gift;
- (c) "donee" means a person in whose favour a gift has been made.

I. *Transfer of Property.*

Clause of disinheritance not required.

3 Every person competent to contract may transfer, assign, grant, convey, settle, or otherwise dispose of all or any property to which he shall be entitled at any time of whatsoever nature movable or immovable to or on such person or persons not legally incapacitated from taking the same as he shall see fit; and no transfer, assignment, grant, conveyance, settlement, or other disposition, whether for valuable consideration or not, and whether executed before or after the commencement of this Ordinance, shall be or be liable to be set aside as invalid either wholly or in part by reason that any person, who by any law, usage, or custom, now or at any time heretofore in force would be or would have been entitled to a share of or interest in the property on the death intestate of the person executing the transfer, assignment, grant, conveyance, settlement, or other disposition, has not received such share or interest, or has been deprived of his inheritance or any part

thereof. Every such transfer, assignment, grant, conveyance, settlement, or other disposition shall be of full force and effect according to its tenor notwithstanding the absence of any clause providing for disinheritance of heirs or any like provision and no such clause shall be or shall be deemed to have been necessary at any time.

4 (1) Subject to the provisions and exceptions hereinafter contained, a donor may, during his lifetime and without the consent of the donee or of any other person, cancel or revoke in whole or in part any gift, whether made before or after the commencement of this Ordinance, and such gift and any instrument effecting the same shall thereupon become void and of no effect to the extent set forth in the instrument of cancellation or revocation: Provided that the right, title, or interest in any immovable property of any person claiming such right, title, or interest under any instrument of lease, mortgage, transfer or assignment executed for valuable consideration by the donee prior to the commencement of this Ordinance shall not, by reason of any such cancellation or revocation of the gift, be affected or prejudiced to any greater extent than it would have been if this Ordinance had not been enacted.

Revocation of deeds of gift.

(2) No such cancellation or revocation of a gift effected after the commencement of this Ordinance shall be of force or avail in law unless it shall be effected by an instrument in writing declaring that such gift is cancelled or revoked and signed by the donor or by some person lawfully authorized by him in the presence of a licensed notary and two or more witnesses present at the same time, and unless the execution of such instrument be duly attested by such notary and witnesses.

Method of revocation.

5 Notwithstanding the provisions of section 4 (1), it shall not be lawful for a donor to cancel or revoke any of the following gifts whether made before or after the commencement of this Ordinance, that is to say:

Deeds of gift which cannot be revoked.

- (a) any gift by virtue of which the property which is the subject of that gift shall vest in the trustee or the controlling viharadhipati for the time being of a temple under the provisions of section 20 of the Buddhist Temporalities Ordinance, 1931, or in any bhikshu with succession to his sacerdotal pupil or pupils or otherwise than as pudgalika for the benefit of himself and his heirs, executors, administrators or assigns;
- (b) any gift in consideration of and expressed to be in consideration of a future marriage, which marriage has subsequently taken place;
- (c) any gift creating or effecting a charitable trust as defined by section 99 of the Trusts Ordinance, No. 9 of 1917;
- (d) any gift in the instrument effecting which the donor shall have expressly renounced his right to revoke or cancel by a declaration containing the words "I renounce the right to revoke" or words of substantially the same meaning or, if the language of the instrument be not English, the equivalent of those words in the language of the instrument.

Gift to a temple.

Gift in consideration of marriage.

Gift effecting a charitable trust.

Gift containing a renunciation of the right to revoke.

6 (1) Upon the cancellation or revocation of any gift, the donor shall be liable to pay to the donee compensation in such sum as shall represent the cost of any improvements to the property effected by the donee, after deducting the rents and profits received by him, and the expenses incurred in the fulfilment of the conditions, if any, attached to the gift, provided that if the donee has made default in the fulfilment of any such conditions, no compensation shall be payable to him in respect of the improvements or otherwise.

Compensation for revocation.

(2) Such compensation shall be payable to any donee otherwise entitled thereto whether or not he would be an heir at law of the donor in the event of such donor dying intestate.

## II. Adoption.

7 No adoption effected after the commencement of this Ordinance shall avail in law to create any right or liability unless it be evidenced by an instrument in writing with the consent of the person adopted expressed in the instrument and signed by both the adoptor and the person adopted, in the presence of a licensed notary and two or more witnesses present at the same time and unless such instrument be duly attested by such notary and witnesses; provided that if the person adopted be a minor such consent may be given and

Method of adoption.

such instrument signed on his behalf by his parents or, if only one parent be alive, by that parent; but if there be no surviving parent, or if either of his parents cannot be found or is incapable of acting in this behalf by reason of unsoundness of mind, ill-health, or other incapacity, the District Court having jurisdiction in the place where the minor resides may, upon petition by way of summary procedure of any person interested and after such inquiry as the court may direct, appoint any person or persons to give such consent and to sign such instrument.

For the purposes of the Civil Procedure Code, 1889, and of the Stamp Ordinance, 1909, an application to the District Court under this section shall be deemed to be an action of the value of one hundred rupees.

Rights of person adopted.

8 (1) On the death of the adoptor intestate, a person duly adopted, whether before or after the commencement of this Ordinance, shall have such right of succession to his estate as if he were a legitimate child of the adoptor, that is to say, if the adoptor leave him surviving no child or descendant of a deceased child, then as an only child, or if the adoptor leave a child or children or a descendant of a deceased child, then to the same extent and in like manner as a child, and if married in binna or in diga as the case may be, then as a child so married; but the person adopted shall, by virtue of the adoption, have no right of succession to any person other than the adoptor.

Adoptor not to succeed.

(2) The adoptor shall not, by virtue of the adoption, acquire any right to succeed to the estate or any part thereof of the person adopted on his death intestate.

Person adopted succeeds to own parents or relations.

(3) Notwithstanding the adoption, the person adopted shall continue to have such right of succession to his or her own parent or parents, or any other person, as he or she would have had if the adoption had not been effected.

Adoption not to be revoked.

(4) A duly effected adoption shall not be cancelled or revoked, and no cancellation or revocation shall affect any right or liability arising out of the adoption.

### III. *Marriage.*

Binna and diga marriages.

9 (1) A marriage contracted in binna or in diga as the case may be, or deemed by virtue of the provisions of the Amended Kandyan Marriage Ordinance, 1870, or any other law for the time being in force, to be or to have been so contracted, shall be and until dissolved shall continue to be, for all purposes of the law governing the succession to the estates of deceased persons, a binna or diga marriage, and shall have full effect as such; and no change in the residence of either party to the marriage, and no conduct of either party to the marriage or of any other person, shall convert or be deemed to have converted a binna marriage into a diga marriage, or a diga marriage into a binna marriage, or cause or be deemed to have caused a person married in diga to have the rights of succession of a person married in binna, or a person married in binna to have the rights of succession of a person married in diga.

(2) Whenever the rights of any person in relation to the law of intestate succession under this Ordinance or otherwise depend upon or are affected by the fact that any person is married, or married in diga or binna, as the case may be, the marriage must be a marriage valid in law, and, in particular, a woman shall not lose any right to which she would otherwise be entitled by reason of her having left her parents' house and gone out in diga, unless she shall have contracted a marriage valid in law.

### IV. *Inheritance: Immovable Property.*

Paraveni property.

10 (1) In the construction or interpretation of any written or other law and for the purpose of the determination or adjudication of any matter of law, the expressions "paraveni property" or "ancestral property" or "inherited property" and equivalent expressions shall mean immovable property to which the deceased has become entitled—

- (a) by succession to any other person who has died intestate, or
- (b) under a deed of gift executed by a donor to whose estate or a share thereof the deceased would have been entitled to succeed if the donor had died intestate immediately prior to the execution of the deed, or
- (c) under the last will of a testator to whose estate or a share thereof the deceased would have been entitled to succeed had the testator died intestate:

Provided, however, that if the deceased shall not have left him surviving any child or descendant, property which had been the acquired property of the person from whom it has passed to the deceased shall be deemed acquired property of the deceased.

(2) Where the paraveni property of any person includes a share in any immovable property of which that person is a co-owner, any divided part of or interest in that property which may be or may have been assigned or allotted to that person by any deed of partition or by any decree for partition entered under the provisions of Ordinance No. 10 of 1863, shall for all purposes be and be regarded as paraveni property of that person.

Partition of paraveni property.

(3) Except as in this section provided, all property of a deceased person shall be deemed to be acquired property.

Acquired property.

(4) The expressions "paternal paraveni" and "maternal paraveni" and similar or equivalent expressions shall be deemed to mean paraveni property as hereinbefore described derived from or through the father or from or through the mother, as the case may be.

Paternal paraveni; maternal paraveni.

11 When a man shall die intestate leaving a spouse him surviving, then—

Widow.

(a) the surviving spouse shall be entitled to an estate for life in the acquired property of the deceased intestate, and, if there be no acquired property, or if such property be insufficient for her maintenance, then to maintenance out of the paraveni property: provided that if the deceased intestate shall have left a child or descendant by a former marriage, the surviving spouse's life estate shall extend to only one half of the acquired property;

(b) if the surviving spouse shall contract a diga marriage, she shall cease to be entitled to maintenance out of the paraveni property of the deceased but shall not by reason of such re-marriage forfeit her aforesaid life estate in the acquired property;

Re-marriage of widow.

(c) should the surviving spouse be an ewessa cousin of the deceased intestate, she shall not thereby become entitled to any share in the estate larger than that to which she would otherwise have become entitled;

Widow an ewessa cousin.

(d) in the event of the deceased leaving him surviving no other heir, the surviving spouse shall succeed to all his property both paraveni and acquired.

When widow succeeds to paraveni.

12 The diga marriage of a daughter after the death of her father shall not affect or deprive her of any share of his estate to which she shall have become entitled upon his death, provided that if within a period of one year after the date of such marriage the brothers and binna-married sisters of such daughter or any one or more of them, but if more than one then jointly and not severally, shall tender to her the fair market value of the immovable property constituting the aforesaid share or any part thereof, and shall call upon her to convey the same to him or her or them, such daughter shall so convey and shall be compellable by action so to do.

Daughter married in diga after father's death.

13 When a man shall die intestate leaving him surviving issue by two or more marriages, such issue and the descendants of any pre-deceased child or children shall inherit *inter se* in all respects as if there had been but one marriage and the estate of the deceased shall not descend *per stirpes* to the issue of each marriage according to the number of marriages.

Issue of two marriages: *per capita*.

14 For the purposes of succession to the estate of any person who shall die intestate, the term "legitimate" shall mean born of parents married according to law and the term "illegitimate" shall mean born of parents not married according to law: provided that a legal marriage between any parties shall have the effect of rendering legitimate any children who may have been procreated between the same parties before the marriage, unless such children shall have been procreated in adultery.

Legitimate and illegitimate.

15 When a man shall die intestate leaving an illegitimate child or illegitimate children, such child or children shall have no right of inheritance in respect of the deceased's paraveni property, but shall be entitled to succeed to the acquired property of the deceased in the event of there being no legitimate child or the descendent of a legitimate child, and subject to the interests of the surviving spouse, if any.

Illegitimate child.

- Father and mother.      **16** If a person shall die intestate leaving him or her surviving parents, whether married in binna or in diga, or a parent, but no child or descendant of a child and no surviving spouse, then—
- (a) the parents in equal shares, or if one only be alive, then that one shall, if there be surviving any brother or sister of the deceased or the descendant of a brother or sister, be entitled to a life estate in the acquired property of the deceased. The right of a sole surviving parent shall arise and continue whether or not the other parent shall have died before the deceased intestate ;
- Brothers and sisters.      (b) on the death of the surviving parent, the acquired property shall, subject to the provisions of section 17, devolve upon the brother or sister or brothers and sisters, or the descendant or descendants of any deceased brother or sister by representation ;
- When no surviving brother or sister.      (c) if there be no brother or sister or descendant of a deceased brother or sister, the parents in equal shares, or the surviving parent as the case may be, shall become entitled to the property ;
- Paternal paraveni and maternal paraveni.      (d) the father, or if the father be dead the next heir or heirs on the father's side, shall inherit the paternal paraveni, and the mother, or if the mother be dead the next heir or heirs on the mother's side, shall inherit the maternal paraveni. The mother shall not inherit paternal paraveni unless there be surviving no heir on the father's side, and in like manner the father shall not inherit maternal paraveni unless there be surviving no heir on the mother's side.
- Brothers and sisters *inter se* always inherit as sons and daughters.      **17** In the devolution of the estate of any person who shall die intestate after the commencement of this Ordinance,
- (a) whenever the estate or any part thereof shall devolve upon heirs other than a child or the descendant of a child, and such heirs are in relation to one another brothers or sisters, or brothers and sisters, or the descendants of any deceased brother or sister, such heirs shall inherit *inter se* the like shares and in like manner as they would have done had they been the children or descendants of the deceased intestate ;
- The half-blood *per capita*.      (b) whenever the estate or any share thereof shall devolve upon heirs who in relation to one another are of the half-blood, such heirs *inter se* shall inherit *per capita* and the estate shall not descend to them *per stirpes*.
- Succession to woman married in diga or married in binna on mother's property.      **18** (1) When a woman unmarried, or married in diga, or married in binna on her mother's property, shall die intestate leaving children or the descendants of a child or children, the estate of the deceased shall devolve in equal shares upon all such children, (the descendant or descendants of any deceased child being entitled to his or their parent's share by representation) whether male or female, legitimate or illegitimate, married or unmarried and, if married, whether the marriage be in binna or in diga :
- Provided that if the deceased was married in binna as aforesaid, an illegitimate child or children shall not be entitled to succeed to the paraveni property of the deceased :
- Provided further that the descendant of a deceased child shall be entitled to that child's share by representation whether or not he or she has been kept apart from the deceased intestate.
- Woman married in binna on father's property.      (2) When a woman married in binna on her father's property shall die intestate leaving children or the descendants of a child or children, such child or children, and his or their descendant by representation, shall be entitled to succeed *inter se* in like manner and to the like shares as they would have become entitled out of the estate of their father :
- Provided that if the deceased was married in binna as aforesaid an illegitimate child or children shall not be entitled to succeed to the paraveni property of the deceased.
- V. Inheritance : Movable Property.**
- Heirlooms and movables appertaining to paraveni.      **19** Heirlooms and live and dead stock appertaining to immovable property to which a person has become entitled as paraveni property as defined by section 10 shall, on his dying intestate, devolve in like manner as immovable property and the following provisions of this Ordinance shall not apply thereto.
- The widow's paraphernalia.      **20** When a man shall die intestate leaving a surviving spouse she shall be entitled to all wearing apparel, jewellery and ornaments used by her or provided for her use by her deceased husband.



21 When any person shall die intestate leaving a surviving spouse and a child or children, or the descendant of any deceased child entitled to represent his or her parent, the surviving spouse, whether the marriage was in binna or in diga, shall succeed in like manner and to a like share of all the movable property of the deceased whenever obtained, as if he or she had been a legitimate child of the deceased.

The widow or widower.

22 Subject to the aforesaid right of the surviving spouse, if any, the movable property of any person who shall die intestate shall devolve in equal shares upon all his or her surviving children (the descendant or descendants of any deceased child being entitled to his or her or their parent's share by representation) whether male or female, legitimate or illegitimate, married or unmarried, and, if married, whether the marriage be in binna or in diga: provided that if the deceased was a male person an illegitimate child shall not succeed if there be surviving any legitimate child or the descendant of a legitimate child: provided further that the issue of a legitimate child *inter se* shall succeed in like manner.

All children inherit equally.

23 When any person shall die intestate leaving no child or descendant of any deceased child, the surviving spouse, if any, shall succeed to all the movable property of the deceased.

When there is no surviving child or descendant.

#### VI. General.

24 Nothing in this Ordinance shall be deemed to affect or render invalid any existing judgment, decree, or order of a court of competent jurisdiction in respect of any property or the right, title or interest of any person in respect of property the subject matter of the action in which such judgment, decree, or order was given, passed, or made.

Saving existing judgments, decrees or orders.

25 A person who has rendered assistance and support or any other benefit to a person who has subsequently died intestate, shall not by reason of such assistance, support, or benefit, become entitled to succeed to any interest in the estate of such deceased intestate to which he would not have become entitled had such assistance, support or benefit not been rendered.

Assistance and support not to affect rights of succession.

#### *Objects and Reasons.*

The object of this Bill is to give legislative effect to the recommendations made in the report of the Kandyan Law Commission which was published as Sessional Paper XXIV of 1935.

Colombo, December 1, 1936.

J. C. HOWARD,  
Legal Secretary.