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CEYLON GOVERNMENT  
GAZETTE

EXTRAORDINARY.

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PART II.—LEGAL.

DRAFT ORDINANCES.

MINUTE.

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

L. D.—O 3/38

**An Ordinance to amend the Cheetu Ordinance,  
No. 61 of 1935.**

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 Cheetu Amendment Ordinance, No. of 1938.

Short title.

2 Section 6 of the Cheetu Ordinance, No. 61 of 1935, (hereinafter referred to as "the principal Ordinance"), is hereby amended in sub-section (3) thereof, by the substitution for the words "fifty rupees.", of the words "fifty rupees, if the person conducting that cheetu does not, during the period for which that cheetu continues, promote or conduct, or aid or assist or take any part in the promotion or conduct of any other cheetu whatsoever."

Amendment of section 6 of Ordinance No. 61 of 1935.

3 Section 18 of the principal Ordinance is hereby repealed and the following new section is substituted therefor:—

Substitution of new section for section 18 of the principal Ordinance

18. (1) Every subscriber who is declared the purchaser of a cheetu amount shall, as a condition precedent to the payment of the prize amount to him by the manager, give security to the manager for the payment of the instalments due from him for the remainder of that cheetu period.

Security to be given by purchaser of cheetu amount.

(2) Where any terms or conditions as to the security to be given by a subscriber upon his being declared the purchaser of a cheetu amount, have been included in the agreement relating to that cheetu or agreed upon at any duly convened meeting of the subscribers, the security required by sub-section (1) shall be given in accordance with such terms or conditions; and in every other case, the security shall be given to the satisfaction of the manager.

(3) Where the manager refuses to accept the security tendered by a subscriber on the ground that it is not in accordance with the terms and conditions referred to in sub-section (2), or, where such terms and conditions have not been agreed upon, on the ground that it is not suitable or sufficient, the subscriber shall be entitled to appeal to the Registrar against the refusal of the manager to accept the security. Every such appeal shall be preferred within such time and in such manner as may be prescribed by regulations.

(4) On any appeal preferred under sub-section (3), the Registrar may make order declaring that the security to which the appeal relates is in accordance with the terms and conditions referred to in sub-section (2); or that it is suitable and sufficient, as the case may be, or directing the subscriber by whom the appeal is preferred to give such other security as may be specified in the order. Every order of the Registrar under this sub-section shall be final and conclusive for all the purposes of this Ordinance.

(5) On security being furnished by the subscriber as provided in sub-section (2), or, in any case where there has been an appeal, in accordance with the order of the Registrar, the manager shall forthwith pay the prize amount to the subscriber.

Amendment of section 36 of the principal Ordinance.

4 Section 36 of the principal Ordinance is hereby amended in sub-section (1) thereof, by the substitution, for the words "ten times", of the words "twenty times".

#### *Objects and Reasons.*

As the intention of the Cheetu Ordinance, No. 61 of 1935, was only to provide for the supervision and control of cheetus conducted as business ventures by companies and professional promoters, the smaller cheetus not exceeding fifty rupees in value, which are ordinarily carried on by the poorer classes as aids to thrift, were expressly exempted by section 6 (3) from the requirements of the Ordinance. It appears, however, that in order to evade those requirements, the cheetu companies and the professional promoters are now resorting to the device of conducting large operations by forming a series of small cheetus, each not exceeding fifty rupees in value. To make this system of evasion impossible in future, it is proposed in the amendment set out in Clause 2 of this Bill to limit the exemption given by section 6 (3) to cases where a cheetu not exceeding fifty rupees in value is the sole cheetu conducted by its promoters at any given time.

2. The provisions of section 18, that the purchaser of a cheetu amount should, before he receives the prize amount from the manager of the cheetu, give security of twice the value of the instalments payable by him, have been found to be too stringent in practice. It is therefore proposed in Clause 3 of this Bill to replace the existing section 18 by a new section which will leave it to the discretion of the manager of each cheetu to determine the nature and value of the security which he will accept, and give the subscribers the right to appeal to the Registrar against any unreasonable demands that may be made by the manager.

3. The object of the amendment set out in Clause 4 of this Bill is to extend the scope of the operations that may be carried on by companies or other promoters who have been registered under the Ordinance. At present section 36 sets a limit to the number of cheetus that may be conducted at any one time by a registered company or promoter by providing that the aggregate value of such cheetus shall not exceed ten times the paid up capital of that company or promoter. It is proposed that in future this limit should be twenty times the paid up capital of each company or promoter.

G. C. S. COREA,  
Minister for Labour, Industry and Commerce.  
Colombo, October 19, 1938.

## MINUTE.

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

L. D.—O 51/38

**An Ordinance to amend the Ceylon Penal Code.**

No. 2 of 1883.

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 Ceylon Penal Code Amendment Ordinance, No. of 1938, and shall come into operation on such date as the Governor may appoint by Proclamation published in the Gazette.

Short title and date of operation.

2 Section 5 of the Ceylon Penal Code (hereinafter referred to as "the principal Ordinance"), is hereby amended in *illustration (a)* by the substitution for the words "seven years", wherever they occur collectively therein, of the words "eight years".

Amendment of section 5 of the Ceylon Penal Code.

3 Section 58 of the principal Ordinance is hereby repealed.

Repeal of section 58 of the principal Ordinance.

4 Sections 75 and 76 of the principal Ordinance are hereby amended by the substitution in each of those sections, for the words "seven years", of the words "eight years".

Amendment of sections 75 and 76 of the principal Ordinance.

*Objects and Reasons.*

Section 50 of the Children and Young Persons Act, 1933, of the Imperial Parliament fixes the minimum age of criminal responsibility at eight years; in Ceylon this age limit is fixed at seven years by section 75 of the Ceylon Penal Code. The object of clauses 2 and 4 of this Bill is to amend section 75 so as to provide that nothing is an offence which is done by a child under eight years of age, and to effect consequential amendments in the Code.

2. Clause 29 of the draft Children and Young Persons Ordinance which was published in the Gazette of December 3, 1937, contains provisions limiting the power of courts to make orders imposing corporal punishment on male children or young persons. One of the limitations referred to is that an order for whipping cannot be made unless another order under clauses 25 to 28 is also made by the court.

The provisions relating to the whipping of offenders under the age of sixteen years which are at present contained in section 58 of the Penal Code will be unnecessary when the new law comes into force. The object of clause 3 of this Bill is to repeal that section.

Legal Secretary's Office,  
Colombo, October 24, 1938.

J. C. HOWARD,  
Legal Secretary.

## MINUTE.

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

L. D.—O 51/38

**An Ordinance to amend the Criminal Procedure Code, 1898.**

No. 15 of 1898

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 Criminal Procedure Code Amendment Ordinance, No. of 1938, and shall come into operation on such date as the Governor may appoint by Proclamation published in the Gazette.

Short title and date of operation.

2 Section 315 of the Criminal Procedure Code, 1898, (hereinafter referred to as "the principal Ordinance"), is hereby amended in sub-section (2) by the substitution for the words "Penal Code," of the words "Penal Code on persons above sixteen years of age,".

Amendment of section 315 of the Criminal Procedure Code, 1898.

Replacement of section 319 of the principal Ordinance.

3 Section 319 of the principal Ordinance is hereby repealed and the following section is substituted therefor :—

Whipping of juvenile offenders under sixteen years of age.

319. Whenever a male offender under sixteen years of age is sentenced by any court to whipping, such whipping shall not exceed six strokes with a light cane or rattan, and shall be inflicted forthwith in the presence of the court, and if the parent of the offender desires to be present, in his presence.

A medical officer need not be present, but such whipping shall not be inflicted unless it appears to the court that the offender is in a fit state of health to undergo the same.

Repeal of section 322 of the principal Ordinance.

4 Section 322 of the principal Ordinance is hereby repealed.

*Objects and Reasons.*

Clause 29 of the draft Children and Young Persons Ordinance which was published in the Gazette of December 3, 1937, limits the power of courts to make orders imposing corporal punishment in the case of children and young persons, and contains provisions which restrict the number of strokes that may be inflicted in such cases and which relate to the manner in which such orders must be carried out.

Sections 315 (2) and 319 of the Criminal Procedure Code, 1898, contain provisions which will be inconsistent with clause 29 of the draft Ordinance referred to. The object of clauses 2 and 3 of this Bill is to amend section 315 (2) and to substitute a new section for section 319, so that the provisions as to whipping which are contained in those sections will be in accordance with the new law.

2. Clause 86 of the draft Ordinance referred to repeals the Youthful Offenders Ordinance, 1886; clause 4 of this Bill will therefore repeal section 322 of the Criminal Procedure Code, which provides that the Youthful Offenders Ordinance is in operation throughout the whole Island.

Legal Secretary's Office,  
Colombo, October 24, 1938.

J. C. HOWARD,  
Legal Secretary.

MINUTE.

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

L. D.—O 51/38

No. 3 of 1904.

**An Ordinance to amend the Flogging Regulation Ordinance, 1904.**

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

Short title and date of operation.

1 This Ordinance may be cited as the Flogging Regulation Amendment Ordinance, No. of 1938, and shall come into operation on such date as the Governor may appoint by Proclamation published in the Gazette.

Amendment of sections 3 and 4 of Ordinance No. 3 of 1904.

2 Sections 3 and 4 of the Flogging Regulation Ordinance, 1904, (hereinafter referred to as "the principal Ordinance"), are hereby amended by the substitution, in each of those sections, for the words "six strokes with a rattan in the case of a boy below the age of twelve, or of twelve strokes with a rattan in the case of a boy above the age of twelve and below the age of sixteen", of the following :—

"six strokes with a light cane or rattan in the case of a boy below the age of sixteen".

Amendment of section 5 of the principal Ordinance.

3 Section 5 of the principal Ordinance is hereby amended by the substitution for the words "six strokes with a rattan in the case of a boy below the age of twelve, twelve strokes with a rattan in the case of a boy above the age of twelve", of the following :—

"twelve strokes with a rattan cane in the case of a boy above the age of fourteen".

*Objects and Reasons.*

Clause 29 of the draft Children and Young Persons Ordinance, which was published in the Gazette of December 3, 1937, contains provisions limiting the power of courts to make orders imposing corporal punishment on male children or young persons, and under this clause the maximum number of strokes which may be inflicted shall not exceed six.

The provisions of sections 3 and 4 of the Flogging Regulation Ordinance, 1904, impose a limit of six strokes in the case of a boy under twelve and of twelve strokes in the case of a boy under sixteen.

The object of clause 2 of this Bill is to amend those sections so as to bring them into conformity with the new provisions proposed to be enacted in the draft Children and Young Persons Ordinance.

2. Clause 23 of the draft Ordinance referred to provides that no child shall be ordered to be imprisoned for any offence; "child" is defined in Clause 85 to mean a person under the age of fourteen years.

Section 5 of the Flogging Regulation Ordinance, 1904, contemplates the punishment of prisoners under fourteen years of age. The object of Clause 3 of the Bill is to amend section 5 by omitting the reference in that section to the case of boys below the age of fourteen.

Legal Secretary's Office,  
Colombo, October 24, 1938.

J. C. HOWARD,  
Legal Secretary.

### MINUTE.

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

L. D.—O 41/38

**An Ordinance to amend the Criminal Procedure Code, 1898.**

No. 15 of 1898.

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 Criminal Procedure Code (Amendment) Ordinance, No.        of 1938.

Short title.

2 Section 3 of the Criminal Procedure Code, 1898, (hereinafter referred to as "the principal Ordinance"), is hereby amended in sub-section (I) of that section by the insertion of the following immediately after the definition of "Registrar":—

Amendment of section 3 (I) of Ordinance No. 15 of 1898.

"Fiscal" "Fiscal" includes any person authorised either generally or specially by the Fiscal to exercise, perform or discharge any power, duty or function of the Fiscal under this Code.

3 Section 309 of the principal Ordinance is hereby amended in paragraph (f) (1) of that section by the substitution for the words "the Fiscal or his deputy," of the words "the Fiscal,".

Amendment of section 309(f)(1) of the principal Ordinance.

4 The following new section is hereby inserted immediately after section 407 of the principal Ordinance, and shall have effect as section 407A of that Ordinance:—

Insertion of new section 407A in the principal Ordinance.

407A. Where, for the purpose of proving any statement made by a deceased person, the Magistrate by whom the statement was recorded and the person, if any, by whom it was interpreted are examined in the course of an inquiry into any offence, the deposition of such Magistrate or of such person, taken and attested by any other Magistrate in the presence of the accused, may be given in evidence at the trial of the accused, although the deponent is not called as a witness:

Depositions of Magistrates and Interpreters receivable in evidence in certain cases.

Provided that—

- (1) where the Magistrate who commits the accused for trial is of opinion that it is necessary or expedient, or where either party in the case requests, that any such deponent should be present to give evidence at the trial, such deponent shall be summoned as a witness for the purpose of giving evidence in the same manner as the other witnesses for the prosecution; and
- (2) nothing in this section shall affect or be deemed to affect the power of the court of trial to summon and examine such deponent as a witness at any time.

*Objects and Reasons.*

The object of this Bill is to amend the Criminal Procedure Code, 1898, in order—

- (1) to remove certain administrative difficulties that arise where a person convicted by a court is, on conviction, committed to the custody of the Fiscal of the province in which the court is situated, and the sentence imposed by the court has to be carried out by the Fiscal of another province; and
- (2) to obviate the attendance of Magistrates at trials in the higher courts for the purpose only of proving dying depositions recorded by them.

2. Clause 2 secures the first object referred to above by inserting in the principal Ordinance a definition of "Fiscal". Under the new law it will be possible for the Fiscal of one province to authorise the Fiscal of another province to receive any prisoner on his behalf. It will then be unnecessary for the court to make out more than one warrant of commitment in cases where the sentence imposed has to be carried out by the Fiscal of a province other than that in which the convicting court is situated.

3. Clause 4 inserts in the principal Ordinance a new section 407A, under which the deposition of a Magistrate who has given evidence in the lower court to prove a statement made to him by a deceased person, can be read in the higher court without it being necessary for the Magistrate himself to give evidence. Where, however, the committing Magistrate thinks it necessary, or where either the prosecution or the defence in any case desire, that the Magistrate should be present in the higher court to give evidence, it will be possible to have the Magistrate summoned in the same manner as other witnesses for the prosecution.

Colombo, October 28, 1938.

J. C. HOWARD,  
Legal Secretary.

## MINUTE.

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

L. D.—O 61/38

**An Ordinance to amend the Estate Duty Ordinance,  
No. 1 of 1938.**

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 Estate Duty Amendment Ordinance, No. of 1938.

Amendment of section 5 of Ordinance No. 1 of 1938.

2 (1) Section 5 of the Estate Duty Ordinance, No. 1 of 1938, (hereinafter referred to as "the principal Ordinance"), is hereby amended as follows:—

(a) by the substitution, for sub-section (2), of the following sub-section:—

"(2) For the purpose of determining the value of the Ceylon estate or the total estate of any deceased person, all property forming part of the Ceylon estate or the total estate, as the case may be, shall be aggregated so as to form one estate:

Provided, however, that—

- (a) any property which forms part of the Ceylon estate and on which no estate duty is payable shall not be so aggregated for the purpose of determining the value of the Ceylon estate or the total estate;
- (b) any property on which no estate duty would have been payable if it had formed part of the Ceylon estate shall not be so aggregated for the purpose of determining the value of the total estate."

(b) by the addition, at the end thereof, of the following new sub-section:—

"(4) The rate of estate duty to be paid on any property forming part of the Ceylon estate of any deceased person shall be the rate determined under sub-section (1) in respect of that estate."

(2) Section 5 of the principal Ordinance shall, from the seventh day of January, 1938, (being the date of the commencement of the principal Ordinance), have effect and be deemed to have had effect as though the amendments set out in sub-section (1) had been inserted in that section on that date.

3 Section 49 of the principal Ordinance is hereby amended—

Amendment of section 49 of the principal Ordinance.

(a) by the re-numbering of that section as sub-section (1); and

(b) by the addition, after the re-numbered sub-section (1), of the following new sub-section :—

“(2) Where the Commissioner is satisfied that any executor is not liable to pay estate duty under this Ordinance, the Commissioner shall issue a certificate to that effect to which shall be attached a copy of the declaration of property in respect of which estate duty is not payable.”

4 Section 52 of the principal Ordinance is hereby amended in paragraph (a) by the substitution for the words “ secured ; and ”, of the words “ secured, or that the executor is not liable to pay estate duty under this Ordinance ; and ”.

Amendment of section 52 of the principal Ordinance.

5 Section 73 of the principal Ordinance is hereby repealed and the following section is substituted therefor :—

Replacement of section 73 of the principal Ordinance.

73. Where a member of a Hindu undivided family dies, no estate duty shall be payable—

Hindu undivided families.

(a) on any movable property which is proved to the satisfaction of the Commissioner to have been the joint property of that family ; or

(b) on any immovable property, where it is proved to the satisfaction of the Commissioner that such property, if it had been movable property, would have been the joint property of that family.

#### *Objects and Reasons.*

The purpose of Clause 2 (1) of this Bill is to amend section 5 of the Estate Duty Ordinance, No. 1 of 1938, so as to provide that there shall be an aggregation of the property comprising both the Ceylon estate and the total estate of a deceased person, and to make it clear that the rate of duty ascertained in accordance with the provisions of sub-section (1) of section 5 shall be the rate applicable on all property constituting the Ceylon estate.

The practice has been to exclude from such aggregation property in respect of which estate duty is not payable under the Ordinance. The purpose of the proviso to new sub-section (2) is to grant necessary legal authority for the exclusion from the total estate, as well as from the Ceylon estate, of any property which is not liable to estate duty in Ceylon or would not be so liable if it formed part of the Ceylon estate.

Clause 2 (2) makes these necessary amendments retrospective in effect to the date on which the principal Ordinance came into operation.

2. Where an executor pays or secures the payment of all estate duty to which he is liable, the Commissioner issues a certificate to that effect under section 49 ; and section 52 provides that a Court shall not grant probate or letters of administration unless such a certificate has been issued by the Commissioner and filed in Court.

No provision has been included in these sections for cases where the executor is not liable to pay estate duty at all. The object of Clauses 3 and 4 of the Bill is to amend both those sections in order to provide for the issue of a certificate to the effect that the executor is not liable to pay estate duty, and for the grant of probate or letters of administration when such a certificate is filed in Court in any such case.

3. Section 73 of the principal Ordinance provides that where a member of a Hindu undivided family dies, no estate duty shall be payable on any property which is proved to the satisfaction of the Commissioner to be the joint property of that family. Any immovable property in Ceylon which is held in the name of a member of such a family cannot, under the law of Ceylon, be said to be the joint property of the family, and the Commissioner would consequently be unable to exempt any immovable property from the liability to estate duty.

Under section 20 (6A) of the Income Tax Ordinance, 1932, as amended by Ordinance No. 3 of 1938, a special rate of tax is prescribed in respect of the taxable income of a Hindu undivided family; and there are cases in which the income derived from immovable property held in the name of an individual is treated as the income of a Hindu undivided family. It is, therefore, necessary that there should be some provision in section 73 of the Estate Duty Ordinance under which such immovable property may be exempted from the liability to estate duty in special circumstances.

The object of Clause 5 of this Bill is to repeal section 73 and to substitute a new section containing provisions which will enable the Commissioner to grant an exemption in the case of immovable property where he is satisfied that such property, if movable, would be the joint property of a Hindu undivided family.

H. J. HUXHAM,  
Financial Secretary.

Colombo, October 26, 1938.

### MINUTE.

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

L. D.—O 95/38

**An Ordinance to secure a reduction in the total quantity of rubber which may be exported from Ceylon during the year 1938 on the authority of coupons issued for that year and to provide for the surrender or seizure of such coupons and for the compulsory purchase of rubber represented by such coupons.**

WHEREAS an International Agreement was signed at London on the seventh day of May, 1934, to regulate the production and export of rubber in and from producing territories which were parties to the said Agreement :

And whereas the Rubber Control Ordinance, No. 6 of 1934, was enacted in order to give effect to the said Agreement in Ceylon :

And whereas under the said Ordinance coupons are issued authorising the exportation from Ceylon of a specified quantity of rubber called the Ceylon quota of export in each year during the operation of the said Ordinance :

And whereas it is enacted in section 4 of the said Ordinance that, subject to the Proviso to that section, it shall not be deemed to be a breach of the provisions of that Ordinance if the quantity of rubber exported from Ceylon during any year of control as the Ceylon quota of export for that year exceeds the amount of that quota by a quantity not greater than five per centum of that amount :

And whereas the quantity of rubber represented by the coupons issued during the year of control commencing on the first day of January, 1938, exceeds the Ceylon quota of export for that year by a quantity in excess of that permitted by the said Ordinance :

And whereas it is apprehended that the quantity of rubber which will be exported from Ceylon during the year 1938 may exceed the total amount permitted under the Ordinance in terms of the International Agreement hereinbefore referred to :

And whereas it is expedient that provision shall be made as is hereinafter set out :

BE it, therefore, 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 Rubber (Reduction of Exports) Ordinance, No. of 1938.

Surrender of coupons.

2 (1) Every person who, on or before the nineteenth day of November, 1938, surrenders to the Controller any coupon purporting to have been issued under the Rubber Control Ordinance, No. 6 of 1934, (hereinafter referred to as "the principal Ordinance"), and purporting to authorise during the year 1938 the export from Ceylon under the principal Ordinance of the quantity of rubber specified in that coupon, shall, if the Controller in his discretion accepts that coupon, be entitled to receive from the Controller on or before the



thirty-first day of January, 1939, one or more new coupons authorising the exportation of an equivalent quantity of rubber from Ceylon during the year 1939 in accordance with the provisions of such Ordinance (hereinafter referred to as "the new Ordinance") as may be enacted for the continuation of the control of the production and export of rubber for a further period of five years commencing on the first day of January, 1939.

(2) The Controller shall deliver to the person whose coupon is accepted under sub-section (1) a voucher which may be exchanged for a new coupon when such coupons are available for issue under the new Ordinance.

3 (1) Where, between the nineteenth day of November, 1938, and the first day of January, 1939, any coupon is tendered by any person to the Controller or to a customs officer for or in connexion with the export or attempted export of any quantity of rubber, it shall be lawful for the Controller or such officer on behalf of the Controller to seize such coupon or such rubber or both such coupon and such rubber.

Seizure of coupons and rubber and compulsory purchase of rubber.

(2) Where instructions are given to the Controller by any person in regard to the disposal of any coupons in the custody of the Controller on account of that person or placed to the credit of that person in any coupon bank maintained by the Controller, the Controller may seize any such coupon as though the coupon had been tendered to him under sub-section (1).

(3) Where a coupon is seized under sub-section (1) or sub-section (2), such coupon shall be deemed to be a coupon surrendered under section 2 and all the provisions of that section shall apply accordingly.

(4) Where the coupon relating to any rubber deposited at the customs premises for the purposes of export has been seized, but the rubber has not been seized under sub-section (1), such rubber may be kept in any customs or other bonded warehouse free of rent and other charges for a period not exceeding two months.

(5) Where rubber belonging to any person is seized under sub-section (1), the title to such rubber shall be deemed to be vested in the Controller upon such seizure, and the Controller shall pay to such person such price as the Controller may determine in consultation with the Deputy Financial Secretary having regard to the price of rubber of that grade or description in London at or about the time of seizure. The decision of the Controller as to the price to be paid for any rubber seized by him shall be final and conclusive for all purposes; and all payments for the purposes of this sub-section shall be made from the Rubber Control Fund established under section 47 of the principal Ordinance.

(6) Any rubber seized under sub-section (1) may be sold or otherwise disposed of by the Controller and the proceeds shall be credited to the Rubber Control Fund.

4 This Ordinance shall be read and construed as one with the principal Ordinance :

Construction of Ordinance.

Provided, however, that in the event of any conflict or inconsistency, the provisions of this Ordinance shall prevail over the provisions of the principal Ordinance.

#### *Objects and Reasons.*

One of the terms of the International Agreement to regulate the production and export of rubber which was signed at London on May 7, 1934, is that the total quantity of rubber exported during any year from any territory to which the Agreement applies should approximate as nearly as possible to the quota of export determined for that territory in accordance with the Agreement. In the Rubber Control Ordinance, No. 6 of 1934, which was enacted for the purpose of implementing the Agreement by the introduction of a system of coupons designed to regulate the exports of rubber, it has accordingly been provided that the quantity of rubber actually exported during any year of control must not exceed the Ceylon quota of export for that year by a margin of more than five per cent.

2. As the coupons that have so far been issued for the year 1938 represent a quantity of rubber exceeding the quantity permitted for that year, there appears to be some reason for apprehending that the actual exports for the year will be in excess of the permitted quantity. It is in the interest of the local rubber industry that steps should be taken to ensure a reduction in the quantity of rubber authorised to be exported by the coupons which have been issued, and it is therefore proposed in this Bill to give power to the Controller either to accept coupons for 1938 voluntarily surrendered

to him or to seize coupons and compulsorily purchase the rubber represented by any such coupon at the time of the exportation of such rubber.

3. Where coupons are surrendered voluntarily, or seized by the Controller, he will be empowered to issue new coupons in exchange under the provisions of the law which is shortly to be enacted for the purpose of continuing the scheme of control for a further period of five years. Where the rubber itself is seized, the Controller will have the power to purchase the rubber at the current market price and to sell or otherwise dispose of such rubber.

D. S. SENANAYAKE,  
Minister for Agriculture and Lands.

Colombo, November 1, 1938.