



THE  
CEYLON GOVERNMENT  
GAZETTE

EXTRAORDINARY.

---

---

No. 8,725 – SATURDAY, MARCH 15, 1941.

---

---

*Published by Authority.*

PART II.—LEGAL.

DRAFT ORDINANCES.

MINUTE.

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

L. D.—O 60/37

**An Ordinance to provide for the regulation of the  
currency of Ceylon.**

TABLE OF SECTIONS.

1. Short title and date of operation.
2. Board of Commissioners of Currency.
3. Standard unit of value.
4. Currency in which contracts may be made.
5. Power to issue currency notes and coins.
6. Existing notes and coins to continue to be legal tender.
7. Currency notes to be issued in the name of the Government of Ceylon.
8. Amount for which currency notes and Ceylon coins are legal tender.
9. Indian rupee, &c., to be legal tender until date to be appointed.
10. Indian rupee, &c., to be accepted by the Board in exchange for Ceylon notes.
11. Meaning of "illegally dealt with".
12. Form and design of currency notes.
13. Form and design of coins.
14. Issue of Ceylon currency in exchange for Indian currency.
15. Redemption of Ceylon currency in Indian currency.
16. Minimum amount that may be issued or redeemed.
17. Charges in respect of exchange.
18. Demonetisation of notes and coins.
19. Establishment of Currency Security Fund.
20. Transfer of moneys and investments of the Ceylon Currency Commissioners to the Security Fund.

21. Crediting of certain receipts to the Security Fund.
22. Charges upon the Security Fund.
23. Crown Agents and Reserve Bank to hold Security Fund.
24. Board may borrow on security of investments.
25. Currency Income Account.
26. What sums may be credited to Income Account.
27. Charges upon Income Account.
28. When expenditure of an exceptional nature may be charged upon the Security Fund.
29. Surplus in Income Account to be used to meet deficiency in Security Fund.
30. Deficiency in Income Account to be met from the general revenue.
31. Amount of Security Fund, how determined.
32. When Governor may order payment out of general funds of the Island to meet the legal obligations of the Board.
33. Procedure to be adopted when Security Fund has surplus.
34. Publication of statements.
35. Vesting of rights, powers, duties, obligations, and contracts of the Ceylon Currency Commissioners in the Board.
36. Regulations.
37. Penalty for mutilating or defacing a currency note.
38. Power to issue currency notes remaining unissued on the appointed date.
39. Prohibition against issue of notes by any person other than the Board.
40. Interpretation.
41. Repeal.

**An Ordinance to provide for the regulation of the  
currency of Ceylon.**

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 Currency Ordinance, No. of 1941, and shall come into operation on such date as may be appointed by the Governor by Proclamation published in the *Gazette*.

Board of  
Commissioners  
of Currency.

2. (1) A Board to be called the Board of Commissioners of Currency (hereinafter referred to as the "Board") is hereby established for the purposes of this Ordinance.

(2) The Board shall consist of not less than three and not more than five Commissioners. The persons for the time being lawfully discharging the functions of Financial Secretary, Deputy Chief Secretary, and Deputy Financial Secretary shall be *ex officio* Commissioners. The Governor may, after consultation with the Board of Ministers, appoint not more than two other persons to be Commissioners, in addition to the *ex officio* Commissioners. Each person so appointed is hereinafter referred to as a "nominated Commissioner". The nominated Commissioners shall hold office for three years from the date of appointment, and they shall be entitled to such remuneration for their services as may be fixed by the Governor.

(3) The Financial Secretary shall be the Chairman of the Board, and shall preside at all meetings of the Board. In the absence of the Financial Secretary the Deputy Financial Secretary shall act as Chairman.

(4) The Board shall meet whenever convened by the Chairman. The quorum at any meeting shall be three. The Chairman shall in the event of an equality of votes have a second or casting vote.

(5) The Board shall have an office in Colombo, and may from time to time with the approval of the Governor appoint such agents as they may consider necessary ;

(6) The Board shall arrange with the Government to employ on the work of the Board, on such terms as the Governor may determine either generally or specially, such officers and servants in the service of Government as they deem necessary, and such officers or servants shall, while engaged in the work of the Board, continue to be subject to all terms and conditions of service, all general orders, public service and pension regulations as are applicable to persons in the service of Government. All salaries and other remuneration, payable in respect of each year to such officers and servants so employed by the Board, shall be provided in the annual estimates of expenditure of the Island for that year, and the total amount so paid shall be refunded by the Board to the Government.

(7) Any duty devolving, and any power conferred, on the Board may be discharged or exercised by any three of the Commissioners.

(8) Any act of the Board may be signified in writing under the hand of the Chairman of the Board.

(9) If any Commissioner is for the time being unable to act the Governor may appoint a fit person to act in his place during such inability.

(10) A nominated Commissioner may at any time resign his office by letter addressed to the Governor.

(11) The Governor may remove from office any nominated Commissioner who is guilty of conduct which in the opinion of the Governor renders him unfit to hold the office of a Commissioner.

(12) If any vacancy occurs among the nominated Commissioners by death, resignation or removal from office, the Governor may, after consultation with the Board of Ministers, appoint a Commissioner to fill the vacancy. The person so appointed shall hold office for the remainder of the term of office of the Commissioner in whose place he was appointed.

3. (1) The standard unit of value of this Island shall be the Ceylon rupee.

Standard unit of value.

(2) The Ceylon rupee shall be divided into one hundred units, each of which shall be called a cent.

4. Every contract, sale, payment, bill, note, instrument, and security for money, and every transaction, dealing, matter and thing whatsoever relating to money, or involving the payment of money, or the liability to pay any money, shall, in the absence of express agreement to the contrary, be held to be made, executed, entered into, done and had in the Island according to the Ceylon rupee.

Currency in which contracts may be made.

5. (1) Subject to the provisions of this Ordinance it shall be lawful for the Board to provide, issue, and re-issue currency notes and coins.

Power to issue currency notes and coins.

(2) Currency notes may be issued, re-issued, cancelled or destroyed in such manner as the Board may determine.

(3) Coins may be issued, re-issued, and withdrawn from circulation in such manner as the Board may determine.

6. All Ceylon notes and all Ceylon coins which are legal tender in Ceylon on the appointed date shall continue to be legal tender as provided in section 8 and shall be deemed for the purposes of this Ordinance to be issued under this Ordinance.

Existing notes and coins to continue to be legal tender.

7. Currency notes issued under this Ordinance shall be issued in the name of the Government of Ceylon.

Currency notes to be issued in the name of the Government of Ceylon.

8. (1) Currency notes issued or deemed to be issued under this Ordinance shall be legal tender in Ceylon for the payment of any amount.

Amount for which currency notes and Ceylon coins are legal tender.

(2) Coins issued or deemed to be issued under this Ordinance shall, provided such coins have not been illegally dealt with, be legal tender in Ceylon for the payment of an amount not exceeding—

- (a) five rupees in the case of silver coins ;
- (b) one rupee in the case of other coins.

9. The following silver coins—

- (a) the Indian rupee,
- (b) the Indian half-rupee,
- (c) the Indian quarter-rupee,

Indian rupee, &c., to be legal tender until date to be appointed.

shall, until such date as may be appointed by the Governor by Proclamation published in the *Gazette*, be legal tender in Ceylon :

Provided that no coin which—

- (a) has been illegally dealt with, or
- (b) is below the weight prescribed in section 10,

shall be legal tender.

10. Until the date appointed under section 9, the Board shall accept Indian silver rupees, half-rupees and quarter-rupees in exchange for Ceylon notes and Ceylon coins at the rate of one Indian rupee for one Ceylon rupee :

Indian rupee, &c., to be accepted by the Board in exchange for Ceylon notes.

Provided that such coins have not been illegally dealt with or become diminished in weight by wear or otherwise so as to be below the standard weight (if any) by more than—

- (i) six and one quarter per centum in the case of the Indian rupee,
- (ii) twelve and one half per centum in the case of the Indian half-rupee and quarter-rupee.

11. For the purposes of this Ordinance, a coin shall be deemed to be illegally dealt with—

Meaning of "illegally dealt with".

- (a) where the coin is impaired, diminished, or lightened otherwise than by fair wear and tear, or
- (b) where the coin is defaced by gilding or silvering or by having any name, word, device, or number, stamped thereon, whether the coin has or has not been thereby diminished or lightened.

12. (1) Currency notes issued under this Ordinance shall be—

Form and design of currency notes.

- (a) of such denomination ;
- (b) of such form and design ;
- (c) printed from such plates ;

- (d) printed on such paper ; and  
(e) authenticated in such manner,  
as may from time to time be approved by the Secretary of State.
- (2) The plates shall be prepared and kept, and the notes printed, in accordance with the conditions prescribed.
- Form and design of coins.** 13. (1) Coins issued under this Ordinance shall be—  
(a) of such denomination,  
(b) of such metal,  
(c) of such form and design, and  
(d) of such standard weight and fineness,  
as the Governor may, with the previous approval of the Secretary of State, from time to time declare by Proclamation published in the *Gazette*.  
(2) The Governor may also, with the previous approval of the Secretary of State, from time to time declare by Proclamation published in the *Gazette* the amount of remedy or variation from the standard weight and fineness which shall be allowed in the making of coins issued under this Ordinance.
- Issue of Ceylon currency in exchange for Indian currency.** 14. Subject to the provisions of sections 16 and 17, the Board shall issue Ceylon currency in Colombo to any person who shall pay or cause to be paid to the Reserve Bank at Bombay the equivalent value in Indian currency of the Ceylon currency required at the rate of one Indian rupee to one Ceylon rupee.
- Redemption of Ceylon currency in Indian currency.** 15. Subject to the provisions of sections 16 and 17, the Board shall pay Indian currency at Bombay to any person who shall pay or cause to be paid to the Board in Colombo the equivalent value in Ceylon currency of the Indian currency required at the rate of one Ceylon rupee to one Indian rupee.
- Minimum amount that may be issued or redeemed.** 16. The Board shall not issue or redeem Ceylon currency as hereinbefore provided unless the amount of the Ceylon currency so issued or redeemed is not less than the prescribed minimum sum.
- Charges in respect of exchange.** 17. The Board when issuing or redeeming currency as hereinbefore provided shall be entitled to charge—  
(a) a commission at a rate or rates to be prescribed from time to time not exceeding one rupee and seventy-five cents for every one hundred rupees of Ceylon currency issued or redeemed ;  
(b) a charge for all necessary telegraphic communications between the Board and the Reserve Bank in connexion with each transaction.
- Demonetisation of notes and coins.** 18. (1) The Governor may by Proclamation published in the *Gazette* declare that any currency notes or Ceylon coins issued or deemed to be issued under this Ordinance shall cease to be legal tender after a date to be specified in such Proclamation.  
(2) The holder of any currency note demonetized under sub-section (1) shall, on tendering such currency note at the office of the Board in Colombo at any time after the date specified in the Proclamation, be entitled to receive legal tender in exchange.
- Establishment of Currency Security Fund.** 19. A fund to be called the Currency Security Fund (hereinafter referred to as "the Security Fund") is hereby established.
- Transfer of moneys and investments of the Ceylon Currency Commissioners to the Security Fund.** 20. All moneys and investments in the possession of or standing to the credit of the Ceylon Currency Commissioners under the Paper Currency Ordinance (Chap. 291) are hereby transferred to the Security Fund :  
Provided that if on the appointed date the total value of such moneys and investments together with the remainder of the Security Fund exceeds the face value—  
(a) of all currency notes in circulation ; and  
(b) of all coins estimated by the Board to be in circulation,  
the excess shall be paid by the Board to the general revenue.
- Crediting of certain receipts to the Security Fund.** 21. The Board shall credit to the Security Fund—  
(a) the Indian currency received on behalf of the Board by the Reserve Bank under section (14) ;  
(b) proceeds of sale of silver ;  
(c) the Indian silver rupees, half-rupees, and quarter-rupees accepted by the Board under section 10 ;  
(d) each year, subject to section 33 (2), a sum equal to one per centum of the amount of the Security Fund.
- Charges upon the Security Fund.** 22. There shall be charged upon the Security Fund—  
(a) the Indian currency paid out on behalf of the Board by the Reserve Bank under section 15 ;  
(b) the purchase price of silver purchased for the manufacture of coins ;  
(c) all expenses incurred in the purchase or disposal of investments, or in the remittance of money forming part of the Security Fund.

23. (1) The Security Fund shall be held—

- (a) by the Reserve Bank, or
- (b) by the Crown Agents, or
- (c) partly by the Reserve Bank and partly by the Crown Agents :

Crown Agents  
and Reserve  
Bank to hold  
Security Fund.

Provided that the Board may hold in Colombo that part of the Security Fund referred to in paragraphs (c) and (d) (ii.) of section 31.

(2) The Board shall from time to time determine what amount of the Security Fund shall be held by the Crown Agents and the Reserve Bank respectively.

(3) Such proportion of the Security Fund as may be determined by the Board with the prior approval of the Governor shall ordinarily be held in liquid form. When such liquid part of the Security Fund falls below the proportion determined under this sub-section the Board shall as soon as conveniently may be direct either the Crown Agents or the Reserve Bank or both to sell securities forming part of the Security Fund in order to restore the liquid part of the Fund to the said proportion.

(4) The Board may from time to time, with the prior approval of the Governor, alter the proportion determined under sub-section (3).

(5) (a) The liquid portion of the Security Fund may be—

- (i) held at London or Bombay in cash or on deposit, or
- (ii) lent at London or Bombay at call or for short terms, or
- (iii) invested at London or Bombay in readily realizable securities.

(b) The Crown Agents and the Reserve Bank shall in all matters affecting the said portion of the Security Fund be bound by such general directions as may be given by the Board with the prior approval of the Governor.

(6) Subject to the provisions of sub-section (3) and subject to such general directions as may be given by the Board with the prior approval of the Governor and the Secretary of State, the Crown Agents and the Reserve Bank may—

(a) invest the Security Fund—

- (i) in securities of the Government of any part of the British dominions, other than the Government of Ceylon ;
- (ii) in securities guaranteed by the Government of any part of the British dominions other than the Government of Ceylon ; or
- (iii) in any other securities approved by the Secretary of State ;

(b) sell securities and, subject to the provisions of paragraph (a), invest the proceeds in other securities.

24. Whenever the amount of the liquid portion of the Security Fund shall be insufficient to meet payments falling due under section 15, it shall be lawful for the Board to authorise the Crown Agents or the Reserve Bank to borrow or to advance on the security of any of the investments of the Board such sums as may be necessary for meeting any of the payments so falling due :

Board may  
borrow on  
security of  
investments.

Provided that any sum so borrowed or advanced shall be repaid within a period of one year.

25. An account to be called the Currency Income Account (hereinafter referred to as the "Income Account") is hereby established.

Currency  
Income  
Account.

26. The Board shall credit to the Income Account—

- (a) all dividends, interest, or other income derived from—
  - (i) investments, or
  - (ii) the employment in any other manner of the moneys of the Security Fund ;
- (b) all commissions paid to the Board in respect of dealings in currency as provided hereinbefore;
- (c) all other receipts of the Board which by this Ordinance are not required to be paid to the Security Fund.

What sums may  
be credited to  
Income  
Account.

27. There shall be charged upon the Income Account—

- (a) all outgoings and expenses of the Board and its agents including the Crown Agents and the Reserve Bank which by this Ordinance are not charged on the Security Fund ;
- (b) each year, subject to section 33 (2), a sum equal to one per centum of the amount of the Security Fund.

Charges upon  
Income  
Account.

28. The Board may, with the prior approval of the Governor, charge any expenditure of an exceptional nature on currency matters upon the Security Fund and not upon the Income Account.

When expenditure  
of an exceptional  
nature may be  
charged upon the  
Security Fund.

Surplus in  
Income  
Account to be  
used to meet  
deficiency in  
Security Fund.

29. (1) If on the thirtieth day of September in any year the face value—

- (a) of all currency notes in circulation, and
- (b) of all Ceylon coins estimated by the Board to be in circulation,

exceeds the amount of the Security Fund, there shall be transferred to the said Fund the surplus (if any) in the Income Account or such part thereof as shall be equal to the excess.

(2) The whole of the surplus in the Income Account or any part thereof which shall not be required under sub-section (1) shall be paid into the general revenue of the Island.

Deficiency in  
Income Account  
to be met from  
the general  
revenue.

30. If on the thirtieth day of September in any year there is a deficiency in the Income Account, it shall be lawful for the Governor, and he is hereby required on the application of the Board, to order the payment of a sum equal to such deficiency to the Income Account out of the general revenue of the Island.

Amount of  
Security Fund  
how  
determined.

31. For the purposes of this Ordinance the Security Fund at any date shall be the aggregate at that date of—

- (a) the amount of the liquid moneys of the Fund ;
- (b) the market value, as estimated by the Board, of the investments in the Fund less the amount of any advances obtained under section 24 ;
- (c) the realizable value of the silver held by or on behalf of the Board ;
- (d) the realizable value of the silver—
  - (i) in the Ceylon coin estimated by the Board to be in circulation,
  - (ii) in the Ceylon coin held by or on behalf of the Board.

When Governor  
may order  
payment out  
of general funds  
of the Island to  
meet the legal  
obligations of  
the Board.

32. If at any time the Board is unable to meet its legal obligations under this Ordinance, it shall be lawful for the Governor and he is hereby required to order the payment out of the general funds of the Island of such sum as may be necessary to meet such obligations of the Board.

Procedure to  
be adopted  
when Security  
Fund has  
surplus.

33. If on the thirtieth day of September in any year, the amount of the Security Fund exceeds one hundred and ten per centum of the face value—

- (a) of all currency notes in circulation, and
- (b) of all Ceylon coins estimated by the Board to be in circulation,

the Governor may, on being informed by the Board of such excess, with the approval of the Secretary of State, give either or both of the following directions :—

- (1) that the whole or any part of such excess shall be paid from the said Fund to the general revenue of the Island ;
- (2) that the annual charge on the Income Account of one per centum of the Security Fund shall be wholly or partially discontinued for so long as it shall appear that the necessity for such annual appropriation no longer exists.

Publication  
of statements.

34. (1) The Board shall—

(a) cause to be published yearly in the *Gazette* as soon as may be an abstract showing as at the thirtieth day of September—

- (i) the face value of all currency notes in circulation ;
- (ii) the face value of the Ceylon coin estimated by the Board to be in circulation ;
- (iii) a list of the securities held by the Security Fund showing in each case the nominal value, the cost price and the market price ;
- (iv) the amount of the liquid moneys of the Security Fund ;
- (v) the realizable value of the silver held by or on behalf of the Board ;
- (vi) the realizable value of the silver in the Ceylon coins estimated by the Board to be in circulation ;
- (vii) the realizable value of the silver in the Ceylon coins held by or on behalf of the Board ; and
- (viii) the total amount of the Security Fund ;

(b) submit annually to the Governor and the Secretary of State a statement of the transactions during the previous year.

(2) The accounts of all transactions of the Board shall be audited by the Auditor-General.

35. On and after the appointed date—
- (a) all debts, liabilities, obligations, or contracts of the Ceylon Currency Commissioners outstanding or subsisting on such date shall be deemed to be debts, liabilities, obligations, or contracts of the Board;
- (b) all deeds, bonds, securities, and other instruments executed or issued by or on behalf of or in favour of the Ceylon Currency Commissioners and in force or enforceable on such date shall be deemed to be executed or issued by or on behalf of or in favour of the Board;
- (c) all acts, duties, and functions of the Ceylon Currency Commissioners remaining unfinished or uncompleted on such date shall be continued and completed by the Board.
36. The Governor may, with the approval of the Secretary of State, make regulations—
- (a) prescribing anything which by this Ordinance is to be prescribed;
- (b) prescribing the conditions upon which and the manner in which coin which is legal tender in Ceylon may be accepted by the Board in exchange for currency notes; and
- (c) generally for the better carrying into effect of the provisions of this Ordinance.
37. Whoever, without the authority of the Board—
- (a) cuts, or perforates any currency note,
- (b) writes, prints, draws, or affixes any seal or stamp on the face or reverse of any currency note,
- (c) attaches or affixes to any currency note anything in the nature or form of an advertisement,
- shall be guilty of an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding one hundred rupees.
38. The Board is hereby empowered to issue any currency notes printed under the authority of the Ceylon Currency Commissioners constituted under the Paper Currency Ordinance (Chapter 291), and remaining unissued on the appointed date.
- The currency notes so issued shall be deemed for all purposes to be currency notes issued under this Ordinance.
39. No person other than the Board shall draw, accept, make or issue any bill of exchange, promissory note or engagement for the payment of money payable to bearer on demand, or borrow, owe or take up any sum or sums of money on the bills, or notes payable to bearer on demand of any such person:
- Provided that cheques or drafts payable to bearer on demand may be drawn on bankers or agents by their customers or constituents in respect of moneys in the hands of the bankers or agents held by them at the disposal of the person drawing such cheques or drafts.
- Every person who contravenes any provision of this section shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one hundred rupees for each bill of exchange, promissory note or engagement in respect of which the offence is committed.
40. In this Ordinance, unless the context otherwise requires—
- “appointed date” means the date on which this Ordinance comes into operation;
- “Crown Agents” means the person or persons for the time being acting as the Crown Agents for the Colonies in England;
- “currency notes in circulation” means all currency notes issued or deemed to be issued under this Ordinance excluding all currency notes cancelled, destroyed, demonetized or in the hands of the Board;
- “Reserve Bank” means the Reserve Bank of India;
- “Secretary of State” means one of His Majesty’s Principal Secretaries of State.
41. The Paper Currency Ordinance (Chapter 291) is hereby repealed.

Vesting of rights, powers, duties, obligations, and contracts of the Ceylon Currency Commissioners in the Board.

Regulations.

Penalty for mutilating or defacing a currency note.

Power to issue currency notes remaining unissued on the appointed date.

Prohibition against issue of notes by any person other than the Board.

Interpretation.

Repeal.

*Objects and Reasons.*

The scheme of the existing Ordinance for the regulation of the currency of the Island is unsuited to modern conditions; further, it involves the maintenance of a considerable reserve in Indian silver rupees, which is uneconomic.

The object of this Bill is to provide for the economic handling of the Island’s currency on up-to-date lines. Provision is made for a new standard unit of value to be called the Ceylon rupee.

Colombo, March 14, 1941.

H. J. HUXHAM,  
Financial Secretary.

## MINUTE.

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

L. D.—O 15/41

1940  
Supplement.  
Vol. II.,  
p. 589.

**An Ordinance to make provision for the termination of certain permits to import rice issued under the Essential Commodities Reserves Ordinance, No. 5 of 1939 ; and for other matters incidental to the purpose aforesaid.**

Short title and  
construction of  
Ordinance.

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 Rice Permits (Termination and Variation) Ordinance, No. of 1941, and shall, so far as is consistent with the tenor, thereof, be read and construed as one with the Essential Commodities Reserves Ordinance, No. 5 of 1939, hereinafter referred to as "the principal Ordinance".

Termination  
of certain  
permits to  
import rice.

2. (1) Every permit to import rice into Ceylon which—  
(a) has been issued under the principal Ordinance ; and  
(b) is in force at the commencement of this Ordinance,  
shall, subject as hereinafter provided, expire and cease to be in force at midnight on the thirty-first day of March, 1941 :

Provided that nothing in the preceding provisions of this sub-section shall affect or be deemed or construed to affect—

- (i.) the registration, under the principal Ordinance, of any person as an importer of rice ;
- (ii.) the power of a Court or of the Controller under the principal Ordinance, to cancel the registration or the permit of any importer of rice at any time before midnight on the thirty-first day of March, 1941.

(2) The provisions of sub-section (1) shall have effect—

- (a) notwithstanding anything in the principal Ordinance or in the Essential Commodities Reserves Regulations, 1940 ; and
- (b) notwithstanding that the period specified under section 7 of the principal Ordinance in any permit referred to in sub-section (1) expires at a time later than the time prescribed by that sub-section.

Issue of  
new permits.

3. Subject as hereinafter provided, the Controller shall, under the principal Ordinance, issue to every importer who on the first day of April, 1941, is registered under that Ordinance as an importer of rice, a permit to import rice into Ceylon effective for such period, commencing on that date, as the Controller may specify in the permit :

Provided that in the case of any such importer whose permit to import rice (hereinafter referred to as the "old permit") expires and ceases to be in force at midnight on the thirty-first day of March, 1941, by virtue of the provisions of section 2—

- (a) the quantity of rice authorised to be imported under the new permit shall not be less than the quantity authorised to be imported under the old permit ; and
- (b) the quantity of the reserve of rice specified in the new permit shall not be less than the quantity of the reserve specified in the old permit and shall not be greater than one and a half times such last-mentioned reserve.

*Objects and Reasons.*

Under the Essential Commodities (Reserves) Ordinance, No. 5 of 1939, only registered importers are permitted to import rice into Ceylon. Each importer is required to keep as a reserve such quantity of rice as is specified in the import permit issued to him under the Ordinance. The aggregate of the specified reserves in the permits at present in force represents a quantity equivalent to the requirements of the Island for a single month. This quantity is considered to be insufficient having regard to existing conditions ; but there is no power, under the existing law, to vary the reserves specified in the permits which have been issued and which, ordinarily, will not expire before July 31, 1941.

2. The purpose of this Bill is to terminate the existing permits and to issue new permits to importers of rice. The reserve specified in a new permit cannot, in any case, exceed the reserve specified in the old permit by more than fifty per centum of the old reserve.

G. C. S. COREA,  
Minister for Labour, Industry and Commerce.  
Colombo, March 12, 1941.