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GAZETTE

EXTRAORDINARY

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**DRAFT ORDINANCES.**

MINUTE.

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

L. D.—O 15/37

**An Ordinance to amend the law relating to the  
Post Office Savings Bank.**

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**An Ordinance to amend the law relating to the  
Post Office Savings Bank.**

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 Ceylon Post Office Savings Bank Ordinance, No. of 1940, and shall come into operation on such date as the Governor may appoint by Proclamation published in the *Gazette*.

Continuation of existing savings bank and application of Ordinance thereto.  
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2. The post office savings bank existing on the day immediately preceding the appointed date by virtue of the provisions of the Post Office Ordinance shall be continued under this Ordinance as the Ceylon Post Office Savings Bank and shall be conducted in accordance with the provisions of this Ordinance and the regulations made thereunder.

Management and control of Bank.

3. Subject to the provisions of section 11, the Bank shall be under the management and control of the Postmaster-General who may take such steps as he may deem necessary for the encouragement of thrift, for the proper management of the Bank, and generally for the promotion of the objects and purposes of this Ordinance.

Appointment and discontinuance of offices of the Bank.

4. (1) The Postmaster-General may from time to time appoint any post office in Ceylon to be an office for the transaction of the business of the Bank and may discontinue any office so appointed.

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(2) Every office of the post office savings bank appointed under the provisions of the Post Office Ordinance, and existing on the day immediately preceding the appointed date, shall be deemed to be an office appointed under sub-section (1) for the transaction of the business of the bank.

Employment of officers, &c.

5. The Governor may appoint such officers and servants as may be necessary for the purposes of this Ordinance, and, where all the necessary officers and servants are not so appointed, the Postmaster-General may for such purposes employ for the whole or part of their time officers and servants of the Post and Telegraph Department.

Deposits and repayments.

6. Deposits of money to be paid into the Bank shall be received, and moneys to be withdrawn from the Bank shall be repaid, under such conditions as may be prescribed.

Interest on deposits.

7. (1) Interest shall be payable on deposits at the rate of two rupees and forty cents per hundred rupees per annum, or at such other rate as may be fixed from time to time by the Governor with the advice of the Financial Secretary and the Executive Committee.

Notice of any change in the rate of interest shall be published in the *Gazette* not less than three months before the date of such change.

(2) No interest shall be payable on any amount in deposit which is less than ten rupees; and where any such amount exceeds ten rupees, interest shall be payable only on each complete sum of ten rupees forming part of that amount.

(3) Interest on any amount in deposit—

(a) shall not commence to accrue until the first day of the month next following the date of the deposit of that amount; and

(b) shall be deemed to have ceased to accrue on the last day of the month preceding the date on which that amount is withdrawn.

(4) Interest on every amount in deposit shall, subject to the provisions of sub-sections (2) and (3), be calculated to the thirty-first day of December in every year, and shall then be added to and become part of the principal amount remaining on deposit.

Repayment guaranteed by Government of Ceylon.

8. The repayment of all moneys deposited in the Bank and of the interest thereon is guaranteed by the Government of Ceylon and is hereby constituted a charge upon the general revenue of Ceylon; and accordingly, whenever the assets of the Bank are insufficient to pay a lawful claim made by any depositor, the deficiency shall be met out of the general revenue of Ceylon.

Expenses of the Bank.

9. (1) All expenses incurred in the administration of this Ordinance shall be met from the moneys in the Bank.

(2) For the purposes of this Ordinance, "expenses" means the cost of any work or service done by or in connection with the Bank, including such sum on account of administrative or other over-head expenses as may, with the approval of the Governor, be reasonably assigned to that work or service.

10. The Deputy Chief Secretary, the Deputy Financial Secretary and the Postmaster-General shall be the Trustees of the Bank.

Trustees of  
the Bank.

11. (1) The moneys in the Bank shall not be applied to any purpose not authorised by this Ordinance.

Investment and  
deposit of  
moneys in the  
Bank.

(2) The Trustees may in their discretion determine the maximum amount which may, out of the moneys in the Bank, be retained in the custody of the Postmaster-General for the general purposes and expenses of the Bank.

(3) Subject to the provisions of sub-section (7), the balance of the moneys in the Bank, remaining after the deduction of such amount as may be determined by the Trustees under sub-section (2), shall from time to time be invested by the Trustees or by the Crown Agents acting for and on behalf of the Trustees—

- (a) on any security, other than a mortgage of immovable property, on which a trustee is authorised by section 20 of the Trusts Ordinance to invest trust moneys; or
- (b) in any stock or securities guaranteed by the Government of Ceylon, India or Burma; or
- (c) in such other stock or securities as may be approved by the Governor.

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(4) The aggregate of the amounts invested under sub-section (3) in securities of the Government of Ceylon and in securities guaranteed by that Government, shall at no time exceed one-third of the total amount invested by or on behalf of the Trustees.

(5) Every investment under sub-section (3) shall be held in the joint names of the Trustees:

Provided that every investment of moneys which are remitted to London by the Trustees for the purpose of being invested, shall be made in accordance with such general instructions as may be issued in that behalf by the Trustees, and with the approval of the Secretary of State, and shall be held in the name of the Crown Agents on behalf of the Trustees.

(6) (a) The Trustees or the Crown Agents may at any time vary any investment held by them under this section, or realise and re-invest any moneys so invested.

(b) The provisions of sub-sections (3), (4) and (5) shall apply in the case of every variation of an investment and every re-investment made under this sub-section.

(7) (a) Any moneys which are required by the preceding provisions of this section to be invested in accordance with those provisions may, pending the investment thereof—

- (i) be deposited for fixed periods or in current account in the joint names of the Trustees in any such bank or banks in Ceylon as may be approved by the Governor in that behalf; or
- (ii) be deposited for fixed periods in the joint names of the Trustees with the Government of Ceylon at a rate of interest to be determined by the Governor.

Any moneys so deposited may at any time be withdrawn for any purpose authorised by this Ordinance.

(b) Any moneys retained under the control of the Trustees for the general purposes of the Bank may be deposited in the manner provided in paragraph (a) of this sub-section.

12. (1) Any sum of money that may from time to time be required for the repayment of any deposit under the authority of this Ordinance or for the payment of interest thereon or of any expenses incurred in the administration of this Ordinance, may, at the discretion of the Trustees, be raised by the sale of the whole or any part of the securities in which moneys may have been invested under section 11, or by the withdrawal of any moneys deposited under that section.

Sale of  
securities, and  
advances to the  
Bank out of  
general revenue.

(2) Where any sum of money, which may be required for any of the purposes specified in sub-section (1), cannot immediately be raised in the manner referred to in that sub-section, an advance may, with the approval of the Governor, be made to the Trustees by the Deputy Financial Secretary out of the general revenue of Ceylon until such sum is so raised; and every such advance shall bear interest at such rate as the Financial Secretary may determine at the time the advance is made, such rate not being less than the rate payable at that time on deposits paid into the Bank.

13. Annual accounts of the revenue and expenditure of the Bank, of deposits received and repaid and of interest credited to depositors during each year ending on the thirty-first day of December, together with a statement of the assets and liabilities of the Bank shall be submitted to the Trustees, and shall, after being audited and certified by the Auditor-General, be published by the Trustees in the *Gazette* at any time not later than the prescribed date in the ensuing year.

Accounts of the  
Bank.

Surpluses and  
deficits.

14. (1) If in any year the revenue of the Bank is insufficient to defray the interest due to depositors and all expenses under this Ordinance, the deficiency shall be met out of the general revenue of Ceylon.

(2) If in any year the revenue of the Bank is more than sufficient to defray the interest due to depositors and all expenses under this Ordinance, the Governor may direct the transfer of the surplus or any portion thereof to the general revenue of Ceylon :

Provided that no such transfer shall be made unless the assets of the Bank will thereafter exceed the liabilities by not less than fifteen per centum of the liabilities to depositors.

(3) If on the thirty-first day of December in any year the assets of the Bank exceed the liabilities by more than fifteen per centum of the liabilities to depositors, the Governor may, with the prior consent of the Secretary of State, direct that the surplus over fifteen per centum, or any portion of such surplus, shall be transferred to the general revenue of Ceylon.

Moneys in name  
of married  
women.

15. Any deposit made in the Bank in the name of a married woman, or in the name of a woman who shall marry after such deposit, shall be deemed to be the separate property of such woman, and shall be accounted for and paid to her as if she were an unmarried woman :

Provided, however, that nothing herein contained shall, as against the creditors of a husband, give protection to any deposit made by him in fraud of such creditors, and that any moneys so deposited may be followed as if this Ordinance had not been enacted.

Moneys of  
deceased  
depositors.

16. Where, upon the death of any depositor, there is any sum of money to his credit in the Bank, any officer or person who is authorised by or under this Ordinance to make payments to depositors may, if satisfied that the depositor died intestate and that letters of administration to the estate of such depositor are not required by any written law, pay such sum of money to the person or persons to whom such sum is required, in accordance with any regulation made in that behalf, to be paid :

Provided that until regulations are made in that behalf, any such sum may be paid to the person or persons appearing to be legally entitled to the payment thereof.

Exemption  
from stamp  
duty.

17. No power, warrant, or letter of attorney given by any depositor in the Bank to any other person authorising him to make any deposit of any sum of money in the Bank on behalf of the said depositor, or to sign any document or instrument required by any regulation to be signed on making such deposit, or to receive back any sum of money deposited in the Bank, or the dividends or interest arising therefrom, nor any receipt nor any entry in any book of receipts for money deposited in the Bank or for any money received by any depositor, his executors or administrators, assigns, attorneys, or agents, from the funds thereof, nor any draft or order, nor any appointment of any agent, nor any certificate or other instrument for the revocation of such appointment, nor any bond or other instrument or document whatsoever required or authorised to be given, issued, signed, made, or produced in pursuance of the provisions of this Ordinance, or of any regulation, shall be subject to, or be charged with, any stamp duty or duties whatsoever.

Settlement of  
disputes.

18. If any dispute arises between the Postmaster-General or the officer in charge of the business of the Bank at any post office, and any individual depositor therein, or any heir, executor or administrator of any depositor, or any creditor or assignee of any depositor who may become insolvent, or any person claiming to be such heir, executor, administrator, creditor or assignee or to be entitled to any money deposited in the Bank, then, and in every such case, the matter in dispute shall be referred to an arbitrator to be appointed by the Governor, and whatever award, order or determination may be made by such arbitrator shall be binding and conclusive on all parties and shall be final to all intents and purposes without any appeal.

Non-liability of  
Government  
and officers.

19. When any payment is made or act done by the Postmaster-General or any person acting under his authority in accordance with this Ordinance or any regulation, the Government of Ceylon, the Postmaster-General and such person shall not be liable in respect of any claim on the part of any person in connection with such payment or act, but any person may nevertheless recover any sum lawfully due to him, from the person to whom such sum may have been paid by or under the authority of the Postmaster-General.

Names of  
depositors, &c.,  
not to be  
disclosed.

20. (1) Except in the performance of his duties under this Ordinance, or in due course of law or upon the direction of the Governor, no officer or servant appointed under this Ordinance or employed in carrying out, or in assisting any officer or servant to carry out, the provisions of this Ordinance,

shall disclose to any person the name of any depositor or the amount which may have been deposited or withdrawn by any depositor.

(2) Any person contravening the provisions of sub-section (1) shall be guilty of an offence and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding one thousand rupees.

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

Power to make regulations.

(2) In particular, and without prejudice to the generality of the powers conferred by sub-section (1), such regulations may—

- (a) provide for any matter which is in this Ordinance stated or required to be prescribed ;
- (b) prescribe limits of deposits ;
- (c) prescribe the modes of making deposits, and of withdrawing deposits and interest ;
- (d) prescribe the modes of calculating interest on deposits ;
- (e) prescribe the times at which deposit books shall be returned to the Bank by depositors ;
- (f) regulate deposits by minors, guardians, trustees, married women, societies, bodies corporate, charitable bodies and other unincorporate bodies of persons acting collectively ;
- (g) prescribe conditions for the withdrawal of deposits by minors, guardians, trustees, married women, societies, bodies corporate, charitable bodies and other unincorporate bodies of persons acting collectively ;
- (h) prescribe the modes of dealing with the deposits of deceased persons and persons of unsound mind ;
- (i) authorise the Postmaster-General to enter into an arrangement with the Post Office Savings Bank of the United Kingdom of Great Britain and Northern Ireland or with the Savings Bank of any British Dominion, Colony, Protected State, or Protectorate or any territory in respect of which a mandate on behalf of the League of Nations is being exercised by His Majesty, or any foreign country, for the transfer of any sums standing to the credit of depositors from such Savings Banks to the Ceylon Post Office Savings Bank, and *vice versa*, and prescribe conditions for such transfers ;
- (j) prescribe penalties not exceeding a fine of one thousand rupees for the breach of any regulation ; and
- (k) provide for the forfeiture of deposits made in wilful contravention of this Ordinance or of any regulation.

(3) No regulation shall have effect unless 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) Every regulation shall, upon the publication in the *Gazette* of the notification required by sub-section (3), be as valid and effectual as though it were herein enacted.

22. In this Ordinance, unless the context otherwise requires—

Interpretation.

- “appointed date” means the date appointed by the Governor under section 1 ;
- “Bank” means the Ceylon Post Office Savings Bank ;
- “business of the Bank” includes the receipt of moneys paid as deposits, the transmission of such moneys to the head office of the Bank, the re-payment of moneys deposited and of interest thereon, and all business incidental to such receipt, transmission and repayment ;
- “Crown Agents” means the Crown Agents for the Colonies in London ;
- “Executive Committee” means the Executive Committee of Communications and Works ;
- “Postmaster-General” and “post office” have respectively the same meanings as in the Post Office Ordinance ;
- “prescribed” means prescribed by regulation ;
- “regulation” means a regulation made by the Executive Committee under this Ordinance ; and
- “Trustees” means the Trustees of the Bank, constituted by section 10.

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23. Sections 50 to 56 of the Post Office Ordinance are hereby repealed.

Repeal.  
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24. (1) Notwithstanding the provisions of section 23—

- (a) all rules, whether made or continuing in force under any of the provisions of the Post Office Ordinance which relate to the post office savings bank existing on the day immediately preceding the appointed date and which are in force on that day, shall, in so

Savings and transitory provisions.

far as they are not inconsistent with the provisions of this Ordinance, be deemed to be regulations made under this Ordinance, and shall continue in force accordingly, and may be varied, amended or repealed by regulations made under section 21 ;

(b) every entry made in any depositor's book before the appointed date under the provisions of any of the rules referred to in paragraph (a) and for the time being in force, shall be deemed to be an entry made under this Ordinance.

(2) (a) All moneys and all securities whatsoever which may, on behalf of the post office savings bank existing on the day preceding the appointed date, be vested in, held by or in the possession of the trustees constituted under any written law in that behalf, shall on and after the appointed date be vested in, transferred to and held by the Trustees constituted by this Ordinance.

(b) All moneys and all securities whatsoever vested in, held by or in the possession of the Crown Agents on behalf of the post office savings bank existing on the day preceding the appointed date shall, on and after the appointed date, be deemed to be vested in, held by or in the possession of the Crown Agents for and on behalf of the Trustees.

*Objects and Reasons.*

The object of this Bill is to enact a special Ordinance dealing with the Ceylon Post Office Savings Bank. The present legal provisions which are contained in sections 50 to 56 of the Post Office Ordinance (Chapter 146) will be repealed.

The Bill is based upon a model which was prepared by a Committee appointed by the Secretary of State to examine the savings bank systems in the Colonies, and reproduces the provisions of that draft, with the necessary additions and modifications.

2. The Post Office Savings Bank will under the new law be, as heretofore, under the control of the Postmaster-General, and officers in the public service will continue to be employed on the business of the Bank.

3. The Bill contains provisions which will regulate the financial relations between the general revenue and the Savings Bank.

By Clause 8, the guarantee of the Government of Ceylon is given to every deposit in the Bank, and if the assets of the Bank are at any time insufficient to meet a lawful claim of any depositor, the deficiency will be met out of general revenue.

Clause 14 provides—

(a) that any deficiency in the annual revenue and expenditure account of the Bank shall be met out of general revenue, and that any surplus in that account may, by the direction of the Governor, be transferred to general revenue ;

(b) that if the assets of the Bank at the end of any year exceed its liabilities by over fifteen per centum of the liabilities to depositors, the Governor, with the consent of the Secretary of State, may direct that the excess or any part thereof shall be transferred to general revenue.

4. The expenses of the Bank, including such sums as may, with the approval of the Governor, be assigned for administrative work and other overhead charges, will be met out of the funds of the Bank. (Clause 9).

5. The present practice, whereby the control of the funds of the Bank is vested in Trustees, will be continued.

Clause 11 provides that moneys in the Bank shall be invested only in the authorised securities specified in that clause. Investments will be held either in the name of the Trustees of the Bank, or, when made by the Crown Agents for the Colonies, in the name of the Crown Agents on behalf of the Trustees.

The amount of Bank moneys invested in securities issued or guaranteed by the Government of Ceylon is not to exceed one-third of the total moneys invested by or on behalf of the Trustees.

Provision enabling Bank moneys to be kept in deposit in the Treasury or in any approved bank in Ceylon is also included.

6. The power to make regulations for the administration and management of the Bank will be vested in the Executive Committee, of Communications and Works.

J. L. KOTELAWALA,

Minister for Communications and Works.

Colombo, November 11, 1940.