



**PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA**

**CREDIT COUNCILS (AMENDMENT)  
ACT, No. 38 OF 1981**

**[Certified on 2nd June, 1981]**

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**Credit Councils (Amendment)**

**Act, No. 38 of 1981**

[Certified on 2nd June, 1981]

L.D.—O. 6/79.

**AN ACT TO AMEND THE CREDIT COUNCILS LAW, No. 23 OF 1975.**

**BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—**

1. This Act may be cited as the Credit Councils (Amendment) Act, No. 38 of 1981.

Short title.

2. Section 3 of the Credit Councils Law, No. 23 of 1975 (hereinafter referred to as the "principal enactment") is hereby amended by the repeal of subsection (2) thereof, and the substitution therefor of the following subsection:—

Amendment of section 3 of Law No. 23 of 1975.

"(2) Every employee other than a casual employee of, or a re-employed pensioner in, or an employee on contract with, a Government department, shall, if he is a citizen of Sri Lanka, be a member of a Credit Council established for the department:

Provided, however, that it shall not be obligatory on an employee who is a member of any such body established for the purpose of granting credit facilities or relief in times of sickness or distress or other kinds of financial assistance to its members, as is approved for the purposes of this section by the Minister by Notification published in the *Gazette*, to become a member of any such Credit Council."

3. The following new section is inserted immediately after section 3 of the principal enactment and shall have effect as section 3A of that enactment:—

Insertion of new section 3A in the principal enactment.

"Dissolution of Credit Councils.

3A. Where after the establishment of a Credit Council or Councils for any Government department in terms of section 3 (1) of this Law, the Director of Credit Councils finds it necessary and appropriate that the Credit Council or Councils so established should be varied, the Director may, with the approval of the Minister, dissolve such Credit Council or Councils and in its or their place establish a new Credit Council or Councils as the case may be, in terms of section 3 (1) of this Law."

Replacement  
of section 4 of  
the principal  
enactment.

4. Section 4 of the principal enactment is hereby repealed and the following section substituted therefor:—

“Committee  
of  
Management.

4. (1) The affairs of a Credit Council shall be administered by a Committee of Management consisting of a Chairman and not more than twenty-one representatives elected on the basis of five representatives for the first fifty members and one representative for each additional fifty members or part thereof:

Provided, however, that the Director of Credit Councils may nominate not more than three representatives to the Committee of Management if he is satisfied that any particular group or class of members of the Credit Council has not been represented in the Committee of Management:

Provided further that where the Director of Credit Councils considers, having regard to the nature of employment or to the place of employment, that it shall not be practicable for a Credit Council to elect representatives to its Committee of Management, he may nominate all the representatives to any such Committee of Management.

(2) (a) The head of the department or an officer of the department nominated by the head of the department shall be the Chairman of the Committee of Management of a Credit Council established for that department.

(b) The head of the department shall be responsible for the supervision of the activities of a Committee of Management of a Credit Council established for that department and for the proper maintenance of records and accounts of such Credit Council.

(c) (i) Where the Director of Credit Councils has under section 3(1) authorized the establishment of one Credit Council for more than one Government department, he may nominate any one of the heads of departments concerned to be the Chairman of the Committee of Management of that Credit Council.

(ii) A head of department, nominated under this paragraph may in turn nominate any other officer of his department to act as Chairman.

(3) The Minister may, if he considers it expedient to do so, remove any member of the Committee of Management of a Credit Council for reasons of mismanagement, fraud or negligence in the carrying out of his duties or for failure to comply with any direction. Such removal shall not be called in question in any court.

(4) (a) The Minister may, if he considers it expedient to do so, by Order published in the Gazette, dissolve the Committee of Management of a Credit Council with effect from such date as may be specified therein, for reasons of mismanagement, fraud or negligence in the carrying out of its duties or for failure to comply with any direction. The Order made by the Minister shall not be called in question in any court.

(b) Where any Order is made under paragraph (a), the Director of Credit Councils shall determine the period within which the election of a new Committee of Management shall take place.

(5) Any vacancy which may occur during the term of office of a Committee of Management, may be filled by nomination made by the Director of Credit Councils: The number of members so nominated shall, at no time exceed one-half of the total number of members of such Committee. A member nominated to such Committee shall hold office for the unexpired part of the the term of office of such Committee."

5. The following new sections are inserted immediately after section 5 of the principal enactment and shall have effect as sections 5A and 5B of that enactment:—

Insertion of new sections 5A and 5B in the principal enactment.

"Interim Committee of Management.

5A. (1) Where a Committee of Management of a Credit Council has been dissolved under section 4, or where there is no Committee of Management in respect of a Credit Council, the Director of Credit Coun-



cils shall nominate an interim Committee of Management consisting of not more than five members for the purpose of administering the affairs of the Committee of Management of a Credit Council.

(2) The Director of Credit Councils shall appoint the Chairman, Secretary and the Deputy Secretary of each such interim Committee of Management from among the members nominated by him under subsection (1).

Advisory  
Committee.

5B. The Minister may set up an Advisory Committee consisting of not more than eleven persons who are members of Credit Councils, for the purpose of assisting the Department of Credit Councils in the carrying out of its functions. At least five members of such Committee shall be members of registered trade unions.”.

Amendment  
of section 7  
of the  
principal  
enactment.

6. Section 7 of the principal enactment is hereby amended as follows :—

(1) by the repeal of subsection (1) thereof and the substitution therefor of the following subsection :—

“ (1) There shall be a Central Fund administered by the Department of Credit Councils to which shall be credited—

(a) the monthly contributions of the members of Credit Councils ;

(b) all moneys voted from the Consolidated Fund for the working of Credit Councils ;

(c) all profits earned by Credit Councils ;

(d) interest from loans granted to the members ;  
and

(e) any other moneys approved by the Director of Credit Councils.” ; and

(2) by the addition, immediately after subsection (2) of that section, of the following new subsection :—

“ (3) Any surplus money in the Central Fund shall be invested in such manner as the Minister may approve.”.

7. The following new section is hereby inserted immediately after section 8 of the principal enactment and shall have effect as section 8A of that enactment:—

Insertion  
of new  
section 8A  
in the  
principal  
enactment.

“Rehabilitation  
Fund.

8A. (1) The Department of Credit Councils shall maintain and operate a Rehabilitation Fund for the purpose of assisting in the rehabilitation of indebted members.

(2) There shall be paid into the Rehabilitation Fund—

(a) all donations, gifts or grants from any source whatsoever; and

(b) such moneys as may from time to time be voted by Parliament.”.

8. Section 13 of the principal enactment is hereby amended in subsection (2) thereof as follows:—

Amendment  
of section 13  
of the  
principal  
enactment.

(i) by the insertion, immediately after paragraph (a) thereof, of the following new paragraph:—

“(aa) all matters connected with the procedure regarding the conduct of meetings, including the quorum required for meetings of a Committee of Management, or an interim Committee of Management of a Credit Council, as the case may be;”;

(ii) by the substitution, for paragraph (b) thereof, of the following paragraph:—

“(b) all matters connected with the election of a Committee of Management of a Credit Council;”;

(iii) by the substitution, for paragraph (d) thereof, of the following paragraph:—

“(d) the administration of the Central Fund, local funds and the Rehabilitation Fund;”;

(iv) by the insertion, immediately after paragraph (h) thereof, of the following new paragraph:—

“(hh) duties and functions of the Advisory Committee;”;

(v) by the substitution, for paragraph (i) thereof, of the following paragraph:—

“(i) the maintenance of accounts of the Central Fund, the local funds and the Rehabilitation Fund.”.

9. Section 14 of the principal enactment is hereby repealed.

Repeal of  
section 14  
the  
principal  
enactment.