



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

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**FARMERS' PENSION AND SOCIAL  
SECURITY BENEFIT SCHEME  
ACT, No. 12 OF 1987**

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**[Certified on 24th March, 1987]**

*Printed on the Orders of Government*

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**Farmers' Pension and Social Security Benefit  
Scheme Act, No. 12 of 1987**

[Certified on 24th March, 1987]

L. D.—O. 25/86.

**AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A PENSION AND SOCIAL SECURITY BENEFIT SCHEME FOR FARMERS ; TO PROVIDE FOR THE OPERATION OF THE SCHEME BY THE AGRICULTURAL INSURANCE BOARD ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.**

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

1. This Act may be cited as the Farmers' Pension and Social Security Benefit Scheme Act, No. 12 of 1987 and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette*.

Short title  
and date of  
operation.

**PART I**

**ESTABLISHMENT OF THE FARMERS' PENSION AND SOCIAL  
SECURITY BENEFIT SCHEME**

2. There shall be established according to the provisions of this Act, a scheme which shall be called the Farmers' Pension and Social Security Benefit Scheme (hereinafter referred to as "the Scheme").

Establish-  
ment of  
the  
Farmers'  
Pension and  
Social  
Security  
Benefit  
Scheme.

3. The Minister may, having regard to the feasibility of administering the Scheme and having regard to the occupational hazard in any type of cultivation, by Order published in the *Gazette* determine—

Area of  
operation  
of the  
Scheme and  
categories  
and  
qualifications  
of farmers  
entitled to  
contribute  
to be  
determined  
by the  
Minister.

(a) the area in which the Scheme shall operate ;

(b) the categories of farmers entitled to contribute to the Scheme ; and

(c) the qualifications of farmers entitled to contribute to the Scheme.

4. Any farmer who has the prescribed qualifications, and is not less than eighteen years of age and not more than fifty-nine years of age shall be entitled to join the Scheme.

Eligibility to  
join the  
Scheme.

Benefits  
under the  
Scheme.

5. (1) A farmer who joins the Scheme (hereinafter referred to as the "contributor") shall be entitled to the following benefits, under the Scheme on such basis as may be prescribed by regulation.

- (a) a periodical pension as may be prescribed ;
- (b) in case of permanent partial disablement a lump sum gratuity or a pension when it becomes due ;
- (c) in case of permanent total disablement a lump sum gratuity or periodical allowance ; or
- (d) a death gratuity.

(2) The basis of paying a pension or gratuity shall be prescribed taking into consideration, *inter alia* the period of contribution the age of the contributor and the amount of contribution made by the contributor.

When  
pension is  
payable.

6. (1) A contributor shall be entitled to a pension on reaching the age of sixty years. A contributor who commences to contribute after reaching the age of fifty-five years shall, however, be entitled to a pension only after paying his entire contribution as may be prescribed and at the end of five years from the date of joining the Scheme.

(2) The pension shall be paid up to the end of the month in which contributor dies.

Rebate on  
contribution.

7. The Minister may, having regard to encouraging agricultural insurance prescribe either a rebate or a discount on the contribution to be made by a contributor.

Partial  
disable-  
ment.

8. Any contributor who is permanently and partially disabled before he becomes entitled to receive his pension shall at his option, receive a disablement gratuity as may be prescribed under the Scheme and leave the Scheme or remain in the Scheme without paying any further contribution and receive the pension when it becomes due.

Total  
disable-  
ment.

9. Any contributor who is permanently and totally disabled before he becomes entitled to receive his pension shall, at his option, receive a disablement gratuity as may be prescribed under the Scheme and leave the Scheme or receive a disablement allowance for life as may be prescribed under the Scheme and remain in the Scheme without paying any further contribution.

10. In the event of the death of a contributor before he becomes entitled to receive his pension a death gratuity on such basis as may be prescribed shall be paid to his surviving spouse and failing such spouse to one only of the relatives by blood of such contributor in the order of priority as appears in the Schedule to this Act the older being preferred to the younger where there are more relatives than one in any group.

Death  
gratuity.

## PART II

### MANAGEMENT OF THE SCHEME

11. The Agricultural Insurance Board established under the Agricultural Insurance Law, No. 27 of 1973 (hereinafter referred to as "the Board") shall operate the Scheme.

Agricultural  
Insurance  
Board to  
operate the  
Scheme.

12. The Board shall in addition to the powers conferred on it by the Agricultural Insurance Law, No. 27 of 1973, have the following powers, functions and duties:—

Powers,  
duties and  
functions  
of the  
Board.

- (a) to make rules in respect of the administration of the affairs of the Board with regard to the Scheme;
- (b) to refer to the Advisory Committee for advice any matter pertaining to the Scheme;
- (c) to maintain the required actuarial financial and operational reports in respect of the Scheme;
- (d) to monitor, evaluate and review the Scheme and effect changes in the operational rules where necessary and where it is empowered to do so;
- (e) to determine the award to be made to any contributor in terms of the policy issued to him;
- (f) to employ officers, servants and other employees as are necessary for the efficient management of the Scheme; and
- (g) to do all other things which in the opinion of the Board are necessary to facilitate the operation and management of the Scheme.

13. (1) The Board may delegate to the Chairman or any other member of the Board or any officer of the Board any of its powers, functions or duties.

Delegation  
of powers,  
functions  
and duties  
of the  
Board

(2) The Chairman, a member or an officer to whom any of the powers, functions or duties of the Board have been delegated under subsection (1) shall exercise, perform or discharge such powers, functions or duties subject to the general direction of the Board.

Board to  
issue  
policy to  
each contri-  
butor.

14. The Board shall on enrolment of any person as a contributor issue him with a policy setting out the contributions to be made by him, the terms and conditions of the policy and the benefits to which he is entitled under the policy issued to him.

Forfeiture  
of policy.

15. (1) The date before which contributions are payable by a contributor shall be specified in the policy and any contributor who fails to pay five consecutive instalments shall forfeit the benefits under the policy issued to him.

(2) Where any contributor has forfeited the benefits under the policy issued to him the Board shall issue such contributor a notice to that effect.

(3) A contributor shall have the right to appeal to the Board to validate his policy and the Board shall validate the policy if it is satisfied that the reasons for failure to pay the instalments were beyond the control of the contributor.

(4) Where the Board decides to validate a policy the contributor shall be informed of the date before which the arrears in instalments will have to be paid. The date of such payment shall be the date of validation of the policy.

(5) Any contributor aggrieved by the decision of the Board shall have a right to appeal to the Secretary of the Ministry whose decision shall be final and conclusive.

Board to  
determine  
the award.

16. The award of benefit under the Scheme to any contributor shall be determined by the Board in accordance with the Scheme.

Inspection  
of lands.

17. Any officer of the Board specially authorized in that behalf by the Chairman of the Board may during any time of the day enter and inspect any land for the purpose of ascertaining the ownership of any land, the person entitled to cultivate any land, the type of crop cultivated in any land or to verify the particulars furnished by any contributor with regard to his eligibility to become a contributor to the Scheme.



**18. (1)** Any contributor who is not satisfied with the award determined by the Board may, within thirty days of receiving the notice of such award, make an appeal to the Secretary of the Ministry stating the ground of his appeal.

**Appeal.**

**(2)** The decision of the Secretary of the Ministry on such appeal shall be final and conclusive.

**19.** No pension, gratuity or allowance payable from the Scheme shall be assigned or transferred, and every assignment or transfer shall be absolutely null and void and of no effect. No such pension or gratuity or allowance shall be attached or taken in execution on account of any debt or payment due by the person to whom such pension or gratuity or allowance is payable.

**Pension,  
gratuity or  
allowance  
not to be  
assigned  
or levied  
upon.**

### **PART III**

#### **ADVISORY COMMITTEE**

**20.** There shall be an Advisory Committee (hereinafter referred to as the "Committee") which shall consist of the following members :—

**The  
Advisory  
Committee.**

**(a)** six *ex officio* members, namely—

**(i)** the Chairman of the Agricultural Insurance Board who shall be the Chairman of the Committee ;

**(ii)** the Director of Pensions or his representative ;

**(iii)** the Commissioner of Agrarian Services or his representative ;

**(iv)** the Chief Actuary of the Insurance Corporation of Sri Lanka or his representative ;

**(v)** the Superintendent of the Department of the Employees' Provident Fund of the Central Bank of Sri Lanka or his representative ;

**(vi)** the Commissioner of Labour or his representative,

**(b)** six nominated members, nominated as follows :—

**(i)** one member nominated by the Minister in consultation with the Minister in charge of the subject of Agricultural Development and Research ;

(ii) one member nominated by the Minister from the General Treasury in consultation with the Minister in charge of the subject of Finance ;

(iii) three members nominated by the Minister from the Agricultural Insurance Board in consultation with the Minister in charge of the subject of Agricultural Insurance ;

(iv) one member nominated by the Minister from among persons who have a wide knowledge and experience in social security benefit schemes.

**Qualifica-  
tions and  
tenure of  
office of the  
members  
of the  
Advisory  
Committee.**

21. (1) A person shall be disqualified from being nominated or from continuing to be a member of the Committee—

(a) if he is a Member of Parliament ; or

(b) if he has any such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as such member.

(2) Every nominated member of the Committee shall, unless he vacates office earlier by death, resignation or removal hold office for a period of three years.

(3) Where a nominated member of the Committee vacates office earlier as aforesaid, the Minister shall nominate another person in his place having regard to the provisions of section 20(b) and such member shall hold office during the unexpired period of the member whom he succeeds.

(4) If the Chairman for any reason is unable to perform the duties of his office the person who for the time being acts as Chairman of the Agricultural Insurance Board shall act as the Chairman of the Committee and shall be deemed to be a member of the Committee while he so acts.

(5) If any nominated member of the Committee is temporarily unable to discharge his functions on account of ill-health or absence from Sri Lanka or any other cause the Minister may nominate another person to act in his place.

(6) The Minister may, if he thinks it expedient to do so, by Order published in the *Gazette* remove any nominated member of the Committee without assigning any reason therefor and such removal shall not be called in question in any Court.

(7) Any nominated member of the Committee may, at any time, resign his office by letter addressed to the Minister.

(8) Any member of the Committee who vacates office other than a member who is removed from office shall be eligible to be reappointed.

22. The Committee may exercise all or any of the following powers :—

Powers  
of the  
Committee.

(a) to advise the Board on matters relating to the management, operation and implementation of the Scheme as may from time to time be referred to it by the Board ;

(b) to advise the Board with regard to making rules of the Board ;

(c) to formulate policies under the Scheme for the efficient management, operation and implementation of the Scheme ;

(d) to review the work of the Board with regard to management, operation and implementation of the Scheme ; and

(e) to advise and make recommendations to the Minister with regard to the management, operation and implementation of the Scheme.

23. The members of the Committee may be paid such remuneration for attending the meetings of the Committee as may be determined by the Board with the approval of the Minister. The members shall be reimbursed by the Board for such travelling, hotel and other expenses as they may incur for purposes connected with the work of the Committee.

Remunera-  
tion of  
members  
of the  
Committee.

24. The Minister may give such general or special directions in writing as to the exercise of the powers of the Committee and the Committee shall give effect to such directions.

Power  
of the  
Minister in  
relation  
to the  
Committee.



PART IV

FARMERS' PENSION AND SOCIAL SECURITY BENEFIT FUND

**Farmers'  
Pension  
and  
Social  
Security  
Benefit  
Fund.**

25. (1) There shall be established a Farmers' Pension and Social Security Benefit Fund (hereinafter referred to as the "Fund").

(2) There shall be paid into the Fund—

(a) such sums of money as may be voted from time to time by Parliament for the operation of the Scheme ;

(b) such sums of money as may be advanced to the Board from time to time by the Minister in charge of the subject of Finance ;

(c) all sums of money received by the Board in the exercise, performance and discharge of its powers, duties and functions under this Act ;

(d) all sums of money paid as contributions to the Scheme by the contributors to the Scheme ;

(e) all sums of money received from any source as gifts and donations to the Fund ; and

(f) all sums of money earned as interest or profits from investments.

(3) There shall be paid out of the Fund all sums of money required to defray any expenditure incurred by the Committee and the Board in the exercise, discharge and performance of the powers, duties and functions of the Committee and the Board under this Act and the sums of money required to be paid out of the Fund by or under this Act.

**Investment  
of funds.**

26. All moneys in the Fund which are not immediately required by the Board under this Act may be invested by the Board in such manner and in such securities as may be authorized by the Minister with the concurrence of the Minister in charge of the subject of Finance.

**Borrowing  
powers  
of the  
Board.**

27. (1) The Board may, with the concurrence of the Minister and the Minister in charge of the subject of Finance or in accordance with the terms of any general authority given with like concurrence, borrow by way of overdraft or otherwise, or negotiate and obtain on credit terms such sums as the Board may require for meeting the obligations of the Board or carrying out the objects of the Scheme under this Act :

Provided that the aggregate of the amounts outstanding in respect of the loans raised by the Board under this subsection shall not, at any time, exceed such sums as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

(2) The Board may with the consent of the Minister given with the concurrence of the Minister in charge of the subject of Finance, borrow money otherwise than by way of loans under subsection (1) for all or any of the following purposes :—

- (a) the requisition or acquisition of any movable or immovable property required for the use of the Board ;
- (b) the repayment of any money borrowed under subsection (1).

28. (1) The financial year of the Scheme shall be the calendar year.

**Financial  
year &c.**

(2) The Board shall cause its books to be balanced as on the thirty-first day of December in each year and shall, before the thirtieth day of April next cause to be prepared an income and expenditure account and balance sheet containing a summary of the assets and liabilities of the Scheme made up to the first-mentioned date.

(3) The income and expenditure account and the balance sheet shall be signed by the member of the Board authorized to do so by a resolution of the Board.

(4) The Auditor-General shall audit the accounts of the Scheme every year in accordance with Article 154 of the Constitution.

## PART V

### GENERAL

29. (1) The Minister may make regulations in respect of all matters which are stated or required by this Act to be prescribed or for which regulations are required by this Act to be made, including—

**Regula-  
tions.**

- (a) the regulation, administration and management of the Scheme ;

- (b) the qualifications, conditions and circumstances in which and the restrictions subject to which any farmer shall be eligible to join the Scheme ;
- (c) the determination of the amount of contribution to be made by contributors ;
- (d) the determination of the basis on which pensions, gratuities or allowances are payable to contributors ;
- (e) conditions governing the default of payment of contributions, surrender of policy and loss of eligibility of a contributor ;
- (f) regulation of the procedure and transaction of business of the Board or the Committee ;
- (g) the termination or forfeiture of the policy ; and
- (h) the basis of determining partial and total disablement.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every such regulation shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder. Notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.

Protection  
for action  
taken under  
this Act or  
on direction  
of the  
Board.

30. (1) No suit or prosecution shall lie—

- (a) against the Board or the Committee for any act which in good faith is done by the Board or the Committee under this Act, or
- (b) against any member of the Board or the Committee, officer, servant or agent of the Board for any act which in good faith is done or purported to be done by him under this Act or on the direction of the Board.

(2) Any expenses incurred by such person as is referred to in subsection (1) in any suit or prosecution brought against him before any Court in respect of any act which is done by him under this Act or on the direction of the Board shall, if the Court holds that the act was done in good faith be paid out of the Fund.

31. Every person who contravenes or fails to comply with any provision of this Act, or of any regulation made thereunder shall be guilty of an offence and shall on conviction before a Magistrate be liable to imprisonment of either description for a term not exceeding six months or to a fine not exceeding one thousand five hundred rupees or to both such imprisonment and fine.

**Offences.**

32. In this Act unless the context otherwise requires—

**Interpre-  
tation.**

“prescribed” means prescribed by regulation made under this Act.

## **SCHEDULE**

**(Section 10)**

Order of relatives by blood in the order of priority

- (1) Sons
- (2) Daughters
- (3) Grandsons
- (4) Granddaughters
- (5) Father
- (6) Mother
- (7) Brothers
- (8) Sisters
- (9) Uncles
- (10) Aunts
- (11) Nephews
- (12) Nieces.