



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

**LOCAL GOVERNMENT CREDIT COUNCILS
ACT, No. 33 OF 1983**

[Certified on 7th September, 1983]

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**Local Government Credit Councils
Act, No. 33 of 1983**

[Certified on 7th September, 1983]

L.D.—O. 20/81

AN ACT TO ESTABLISH CREDIT COUNCILS FOR LOCAL AUTHORITY EMPLOYEES FOR THE PURPOSE OF GRANTING CREDIT TO THEIR MEMBERS, EDUCATING AND ASSISTING THEIR MEMBERS TO LIVE FRUGALLY AND WITHIN THEIR MEANS AND PROMOTING THRIFT AND SAVINGS HABITS AMONG THEIR MEMBERS, AND TO PROVIDE FOR ALL 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 Local Government Credit Councils, Act, No. 33 of 1983 and shall come into operation on such date as the Minister may appoint by Order published in the Gazette.

Short
title and
date of
operation.

2. (1) There shall be established a Department of Local Government Credit Councils (hereinafter referred to as the "Department").

Department
and
Director
of Local
Government
Credit
Councils.

(2) There may be appointed a Director of Local Government Credit Councils (hereinafter referred to as the "Director") and such number of Deputy Directors and Assistant Directors of Local Government Credit Councils and such other officers and servants as are necessary for the purposes of this Act.

3. (1) There shall be established for each local authority one or more Local Government Credit Council (hereinafter referred to as a "Credit Council") :

Local
Government
Credit
Councils
and
their
members.

Provided that the Director may, where he considers it necessary and appropriate, authorize the establishment of one Credit Council for more than one local authority.

(2) Every local authority employee who is pensionable or who contributes towards a provident fund, shall be a member of a Credit Council established for that local authority.

4. Where after the establishment of a Credit Council or Councils for any local authority or local authorities in terms of subsection (1) of section 3, the Director finds it necessary and appropriate that the Credit Council or Councils so established should be varied, he 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 subsection (1) of section 3.

Dissolu-
tion of
Credit
Councils.

Committee
of Manage-
ment.

5. (1) The affairs of a Credit Council shall be administered by a Committee of Management consisting of a Chairman, and Secretary nominated by the Director and one elected representative for every fifty members or part thereof so however that the total number of elected representatives shall not exceed twenty-one:

Provided, however, that the Director may in addition to the elected representatives 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.

(2) The members of the Committee of Management of a Credit Council shall, subject to the provisions of subsection (3), hold office for a period of three years.

(3) The Minister may, if he considers it expedient to do so, remove from office 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. 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 any administrative purposes to be specified in the Order. No such Order made by the Minister shall be called in question in any court.

(b) Where any Order is made under paragraph (a) the Director 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. The number of members 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 term of office of such Committee.

Appoint-
ment of sub-
committees.

6. The Committee of Management of a Credit Council may appoint such sub-committees as may be necessary for the purpose of carrying out specific functions of the Credit Council.

7. (1) Where a Committee of Management of a Credit Council has been dissolved under section 5, or where there is no Committee of Management in respect of a Credit Council, the Director 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 until the members of a new Committee of Management is appointed and nominated under subsection (1) of section 5.

Interim
Committee
of Manage-
ment.

(2) The Director shall appoint the Chairman and the Secretary of each such Interim Committee of Management from among the persons nominated by him under subsection (1).

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

Advisory
Committee.

9. The functions of Credit Councils shall be—

Functions
of Credit
Councils.

- (a) to grant loans to members;
- (b) to ensure that loans granted are limited to actual bona fide requirements of the members;
- (c) to ensure the recovery of loans granted;
- (d) to educate and assist members to live frugally and within their means;
- (e) to promote thrift and savings habits among members;
- (f) to assist in the implementation of such policies and programmes connected with Credit Councils and their functions as may be determined by the Minister; and
- (g) to assist in the rehabilitation of indebted members.

10. (1) There shall be established a fund called "the Local Government Credit Councils Fund" (hereinafter referred to as the "Fund") which shall be administered by the Department.

Local
Govern-
ment
Credit
Councils
Fund.

(2) There shall be credited to the Fund—

- (a) the monthly contributions and other recoveries from members of Credit Councils;
- (b) all moneys that may be voted from the Consolidated Fund for the working of Credit Councils;
- (c) all profits, interest, and dividends earned by Credit Councils; and
- (d) any other moneys approved by the Director to be credited to the Fund.

(3) There shall be paid out of the Fund—

- (a) loans granted to members;
- (b) refunds of contributions of members;
- (c) refunds to the Consolidated Fund;
- (d) interest on loans and advances from the Consolidated Fund;
- (e) any sum payable to the Insurance Fund; and
- (f) any other payments approved by the Director, as being necessary for the purpose of giving effect to the provisions of this Act.

(4) Any surplus money in the Fund shall be invested in such manner as the Minister may approve.

Refund
of moneys
voted
from
the Consoli-
dated
Fund.

11. Any moneys voted from the Consolidated Fund for the working of Credit Councils shall, as determined by the Minister with the concurrence of the Minister in charge of the subject of Finance, be refunded to the Consolidated Fund.

Member-
ship contri-
butions.

12. (1) Every member of a Credit Council shall pay to the Council one *per centum* of his monthly consolidated salary *per mensem*, as a membership contribution.

(2) Such contributions together with dividends thereon, if any, shall be refunded to such member or his nominee authorized by him in writing or in the absence of a nominee to his legal representative on the cessation of employment of such member.

Insurance
Fund.

13. The Department shall maintain and operate an Insurance Fund in order to meet any loss that may arise from irrecoverable loans.

14. (1) The financial year of the Department shall be the calendar year.

Accounts
of the
Fund.

(2) The Department shall cause proper books of accounts to be kept regularly of the income and expenditure of the Fund.

15. (1) The Minister may make regulations relating to all or any of the matters prescribed or in respect of which regulations are required or authorized to be made.

Regula-
tions.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of the following matters:—

- (a) 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;
- (b) all matters connected with the election of representatives to a Committee of Management;
- (c) all matters connected with the grant of loans to members of Credit Councils and the recovery of such loans;
- (d) the administration and maintenance of accounts of the Fund;
- (e) the refund of moneys that may be voted from the Consolidated Fund;
- (f) the recovery of membership contributions and refund thereof;
- (g) the declaration of dividends on membership contributions;
- (h) the administration of the Insurance Fund; and
- (i) appointment of Chairman and procedure at meetings of the Advisory Committee.

(3) 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.

(4) Every regulation made by the Minister 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 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*.

Interpre-
tation.

16. In this Act unless the context otherwise requires—

“local authority employee” means a member of the Local Government Service or an officer or servant of any local authority, and any officer or servant of a Development Council, established by the Development Councils Act, No. 35 of 1980.