



PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA

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LOCAL AUTHORITIES  
(COMMERCIAL AND INDUSTRIAL  
ENTERPRISES)  
ACT, No. 13 OF 1983

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[Certified on 18th March, 1983]

*Printed on the Orders of Government*

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Local Authorities (Commercial and Industrial  
Enterprises) Act, No. 13 of 1983

[Certified on 18th March, 1983]

L. D.—O. 16/80.

AN ACT TO MAKE PROVISION FOR LOCAL AUTHORITIES TO ENGAGE  
IN COMMERCIAL AND INDUSTRIAL ENTERPRISES AND FOR  
MATTERS CONNECTED THEREWITH OR INCIDENTAL THEREOF

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 Authorities (Com- Short title  
mercial and Industrial Enterprises) Act, No. 13 of 1983.

2. Section 40 of the Municipal Councils Ordinance is Amendment  
hereby amended in subsection (1) of that section, by the of section 40  
insertion, immediately after paragraph (u) of that sub- of Chapter  
section of the following new paragraph:— 233.

"(uu) with the prior approval of the Minister—

(i) to engage in commercial and industrial enter-  
prises for the manufacture and production of  
such machinery, equipment, articles, materials  
and goods as may be required for the public  
services or the public utility services, as the  
case may be, which may be established and  
maintained by any Municipal Council or  
Urban Council under the Municipal Councils  
Ordinance and the Urban Councils Ordinance  
or under any other written law; and

(ii) to sell such machinery, equipment, articles,  
materials or goods to any other Municipal  
Council or Urban Council or to the public  
at such prices as may be determined by the  
Council and approved by the Minister."

3. The following new section is hereby inserted imme- Insertion  
diately after section 40 of the Municipal Councils Ordinance, of new  
and shall have effect as section 40a of that Ordinance:— section 40a  
in Chapter  
233.

"Powers  
of the  
Minister in  
respect of  
commercial  
and  
industrial  
enterprises.

40a (1) The Minister may approve any  
commercial or industrial enterprise under  
paragraph (uu) of subsection (1) of section  
40 having regard to—

(a) the economic viability of such enter-  
prise;

(b) the benefits that may accrue to any Municipal Council and the public by the operation of such enterprise;

(c) the financial position of the Municipal Council engaging in such enterprise.

(3) No sums of money appropriated to a Municipal Council by Parliament under paragraph (f) of subsection (2) of section 185 and no grants allocated to a Municipal Council by the Minister under paragraph (g) of subsection (2) of section 185 shall be utilized by such Council for the purposes of establishing or maintaining any commercial or industrial enterprise.

(3) Where the Minister is of opinion that the continued operation of any commercial or industrial enterprise of any Municipal Council would be prejudicial to the interests of such Council by reason of mismanagement or that it is likely to involve financial loss to the Council he may, after consultation with the Council, by Order published in the Gazette terminate the operation of such enterprises and direct the Council to take charge of all books, records and assets of the enterprise and to take such measures as may be necessary to give effect to such Order.

(4) The Minister may, from time to time, give any Municipal Council engaged in any commercial or industrial enterprise general or special directions as to the carrying on or transaction of its business and such directions shall be carried out by the Council.

(5) The Minister may, from time to time, direct the Council in writing to furnish him in such form as he may require, returns, accounts and other information with respect to the business of such enterprise, and the Council shall carry out every such direction.

Amendment  
of section  
28 of Chapter  
236.

4. Section 36 of the Urban Councils Ordinance is hereby amended by the insertion, immediately after paragraph (i) of that section, of the following new paragraph:—

"(ii) with the prior approval of the Minister.—

- (i) to engage in commercial and industrial enterprises for the manufacture and production of such machinery, equipment, articles, materials and goods, as may be required for the public services or the public utility services, as the case may be, which may be established and maintained by any Municipal Council or Urban Council under the Municipal Councils Ordinance and the Urban Councils Ordinance respectively, or under any other written law; and

- (ii) to sell such machinery, equipment, articles, materials or goods to any other Urban Council or Municipal Council or to the public at such prices as may be determined by the Council and approved by the Minister.\*

5. The following new section is hereby inserted immediately after section 36 of the Urban Councils Ordinance, and shall have effect as section 36A of that Ordinance:—

Insertion  
of new  
section 36A  
in Chapter  
255.

\* Powers of  
the Minister  
in respect  
of commercial  
and  
industrial  
enterprises.

36A. (1) The Minister may approve any commercial or industrial enterprise under paragraph (ii) of section 36 having regard to—

- (a) the economic viability of such enterprise;
- (b) the benefits that may accrue to any Urban Council and the public by the operation of such enterprise;
- (c) the financial position of the Urban Council engaging in such enterprise.

(2) No sums of money appropriated to an Urban Council by Parliament under paragraph (b) of subsection (2) of section 158 and no grants allocated to an Urban Council to the Minister under paragraph (c) of subsection (2) of section 158 shall be utilized by such Council for the purposes of establishing or maintaining any commercial or industrial enterprise.

(3) Where the Minister is of opinion that the continued operation of any commercial or industrial enterprise of any Urban Council would be prejudicial to the interests of such Council by reason of mismanagement or that it is likely to involve financial loss to the Council, he may, after consultation with the Council, by Order published in the Gazette terminate the operation of such enterprise and direct the Council to take charge of all books, records and assets of the enterprise and to take such measures that may be necessary to give effect to such Order.

(4) The Minister or the Commissioner may, from time to time, give any Urban Council engaged in any commercial or industrial enterprise general or special directions as to the carrying on or transaction of its business and such directions shall be carried out by the Council.

(5) The Minister or the Commissioner may, from time to time, direct the Council in writing to furnish him in such form as he may require, returns, accounts and other information with respect to the business of such enterprise, and the Council shall carry out every such direction."

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