



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

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**NATIONAL INSTITUTE OF CO-OPERATIVE  
DEVELOPMENT (INCORPORATION)  
ACT, No. 1 OF 2001**

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[Certified on 21st March, 2001]

*Printed on the Order of Government*

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*National Institute of Co-operative Development  
(Incorporation) Act, No. 1 of 2001*

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L.D.-O. 20/2000.

AN ACT TO INCORPORATE THE NATIONAL INSTITUTE OF  
CO-OPERATIVE DEVELOPMENT : 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 National Institute of Co-operative Development (Incorporation) Act, No. 1 of 2001 and shall come into operation on such date as the Minister may appoint, by Order published in the Gazette (hereinafter referred to as the “appointed date”).

Short title and  
date of operation.

PART I

ESTABLISHMENT OF THE NATIONAL INSTITUTE OF  
CO-OPERATIVE DEVELOPMENT

2. (1) There shall be established an Institute called the National Institute of Co-operative Development (hereinafter referred to as the “Institute”).

Establishment of  
the National  
Institute of Co-  
operative  
Development.

(2) The Institute shall by the name assigned to it by subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.

3. The Institute shall have the power —

Powers of the  
Institute.

- (a) to conduct such surveys and investigations as are necessary for the discharge of its functions ;
- (b) to levy fees and other charges for services provided by the Institute ;
- (c) to acquire, hold, lease, mortgage, rent, pledge, sell or otherwise dispose of, movable or immovable property, wherever the same is necessary for the discharge of the functions of the Institute ;

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- (d) to provide insurance, housing, welfare and recreational facilities, to officers and servants of the Institute ;
- (e) to enter into such contracts as are necessary, either directly or through agents, for the discharge of the functions of the Institute ;
- (f) to make rules for the administration of the affairs of the Institute, including rules relating to appointments and promotions, remuneration, transfers, leave, dismissals and disciplinary control of, officers and servants of the Institute ;
- (g) to invest the unutilised funds of the Institute in such securities as the Board of Management may determine ; and
- (h) to do all such acts as are conducive or incidental to the discharge of the functions of the Institute.

Functions of the  
Institute.

4. The functions of the Institute shall be—

- (a) to act as a centre for the promotion and co-ordination of activities related to co-operative development ;
- (b) to provide training in co-operative development with the use, *inter-alia*, of modern technological methods;
- (c) to promote research on co-operative development ;
- (d) to provide facilities for interaction, and exchange of information, among persons engaged in activities connected with co-operative development ;
- (e) to act as a resource centre for the collection of data relating to co-operative development and to collate and disseminate such data by way of publications ;
- (f) to conduct academic and training courses in subjects related to co-operative development and to award certificates and other academic distinctions on persons who have followed such courses and passed the prescribed examinations ;

- (g) to undertake and manage co-operative enterprises which require managerial skills ;
- (h) to provide professional advice to co-operative enterprises ;
- (i) to establish model co-operative villages, model co-operative business centres and regional centres ; and
- (j) to collaborate with organisations, in and outside Sri Lanka, discharging functions similar to those of the Institute.

## PART II

### BOARD OF MANAGEMENT

5. (1) The administration, management and control of the affairs of the Institute shall be vested in a Board of Management.

Board of Management to be the governing body of the Institute.

(2) The Board of Management shall for the purpose of administering the affairs of the Institute, exercise, perform and discharge, the powers, duties and functions conferred or imposed on, or assigned to, the Institute by this Act.

(3) It shall be the duty of the Board of Management to approve the development plans and the annual budget of the Institute, prepared in accordance with regulations made in that behalf.

6. (1) The Board of Management shall consist of the following :—

Constitution of the Board of Management.

(a) *ex-officio* members—

- (i) the person for the time being holding office as Secretary to the Ministry of the Minister in charge of the subject of Co-operative Development or his nominee ;

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- (i) the Commissioner of Co-operative Development of the Department of Co-operative Development ;
  - (ii) the Chairman of the National Co-operative Council of Sri Lanka ;
  - (iv) the Chairman of the Sri Lanka Institute of Co-operative Management ; and
  - (v) the Director-General of the Institute appointed under section 16 ; and
- (b) members appointed by the Minister (a member so appointed is hereinafter referred to as an "appointed member") :—
- (i) three persons who have had a wide experience in the field of co-operatives and experience in management, nominated by the Minister in charge of the subject of Co-operative Development ;
  - (ii) a representative of the Minister of Higher Education, nominated by the Secretary to the Ministry of the Minister in charge of that subject ; and
  - (iii) a representative of the General-Treasury, nominated by the Secretary to the Ministry of the Minister in charge of the subject of Finance .

(2) The Minister shall appoint one of the members of the Board of Management to be the Chairman of the Board of Management.

(3) Every appointed member shall, unless he vacates office earlier by death, resignation or removal, hold office for a period of three years from the date of his appointment.

(4) Every appointed member may at any time resign his office by letter in that behalf addressed to the Minister and such resignation shall take effect upon its acceptance by the Minister.

(5) Where any appointed member is by reason of death, illness or other infirmity or absence from Sri Lanka for a period of over three months, unable to perform the duties of his office, the Minister may appoint another person to act in his place.

(6) The Minister may remove any appointed member from office for reasons assigned.

7. A person shall be disqualified from being appointed or continuing as a member of the Board of Management—

- (a) if he is, or becomes, a member of Parliament, a member of a Provincial Council or a member of a local authority ;
- (b) if he has been declared to be a person of unsound mind under any law in force in Sri Lanka or any other country ;
- (c) if he has been declared insolvent or bankrupt under any law in force in Sri Lanka or in any other country, and remains an undischarged insolvent and bankrupt ;
- (d) if he is, serving or has served, a sentence of imprisonment imposed by a court of law in Sri Lanka or any other country ; and
- (e) if he is convicted, or has been convicted of an offence under any law for the time being in force relating to co-operatives.

Disqualification for being appointed or continuing as, a member of the Board of Management.

8. All or any of the members of the Board of Management may be paid such remuneration at such rates as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

Remuneration of members of the Board of Management.

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Chairman to  
preside.

9. (1) The Chairman shall preside at all meetings of the Board of Management. In the absence of the Chairman, from any such meeting, the members present at such meeting shall elect a Chairman from among themselves to preside at such meeting.

(2) The meetings of the Board of Management shall be held once at least in every three months.

(3) The quorum for a meeting of the Board of Management shall be five members.

(4) All decisions at meetings of the Board of Management shall be by a majority of the votes of the members present. In case of an equality of votes the Chairman or the member presiding at the meeting of the Board of Management shall, in addition to his own vote, have a casting vote.

(5) Subject to the aforesaid provisions of this section, the Board of Management may regulate the procedure in regard to its meetings and the transaction of business at such meetings.

Board of  
Management to  
function  
notwithstanding  
any vacancy.

10. The Board of Management may function notwithstanding any vacancy among its members and no act or proceeding of the Board of Management shall be deemed to be invalid by reason only of the existence of any vacancy in the Board of Management or any defect in the appointment of a member thereof.

Seal of the  
Institute.

11. The seal of the Institute—

(a) shall be in the custody of such person or persons as the Board of Management may determine from time to time ;

(b) may be altered in such manner as may be determined by the Board of Management ; and

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- (c) shall not be affixed to any instrument or document except in the presence of two members of the Board of Management who shall sign the instrument or document in token of their presence.

### PART III

#### BOARD OF STUDIES

12. (1) The Board of Studies of the Institute shall consist of the following members appointed by the Board of Management :—

*Composition of  
the Board of  
Studies.*

- (a) the Director-General of the Institute who shall be the Chairman of the Board of Studies ;
- (b) a representative of the academic staff of any University nominated by the University Grants Commission established by the Universities Act, No. 16 of 1978 ;
- (c) the Commissioner-General of Examinations or his representative ;
- (d) a representative nominated by the Commissioner of Co-operative Development ; and
- (e) a person employed in the Co-operative sector or private sector, who in the opinion of the Minister has wide experience in Management and Training.

(2) Any Officer of the Institute may function as the secretary of the Board of Studies.

(3) Every member of the Board of Studies shall, unless he vacates office earlier by resignation, death, removal from office or resignation from the post by virtue of which he became qualified to be appointed a member to the Board of studies, hold office for a period of three years from the date of his appointment and shall be eligible for reappointment.



Board of Studies.

13. The Board of Studies of the Institute shall discharge the following functions in compliance with the policy decisions taken by the Board of Management :—

- (a) formulate programmes for training and research at the Institute ;
- (b) develop curricula and materials for courses conducted by the Institute ;
- (c) formulate and approve examination syllabuses, supervise examinations conducted by the Institute and prepare evaluation schemes relating to educational and training programmes of the Institute ;
- (d) issue the results of examinations conducted by the Institute subject to the approval by the Board of Management ; and
- (e) prescribe conditions for awarding scholarships, badges and other awards.

Vacancy in  
membership of  
Board of Studies.

14. (1) When there is a vacancy among members of the Board of Studies, the Director-General shall inform the Board of Management in writing of such vacancy and the Board of Management shall take steps to fill the vacancy within a reasonable period of time.

(2) No act or proceeding of the Board of Studies shall be deemed to be invalid by reason only of the existence of any vacancy in the Board of Studies or defect in the appointment of any member of such Board.

Meetings &c. of  
the Board of  
Studies.

15. (1) The quorum for meetings of the Board of Studies shall be three members.

(2) All matters to be determined at a meeting of the Board of Studies shall be decided by a majority of the votes of the members present. Where there is an equality of votes, the member presiding shall have a casting vote, in addition to his own vote.

(3) Subject to the aforesaid provisions of this section, the Board of Studies shall determine the procedure in regard to its meetings and the transaction of business at such meetings.

(4) Members of the Board of Studies may be paid such remuneration as may be determined by the Board of Management, in consultation with Minister and the Minister of Finance.

#### PART IV

##### STAFF OF THE INSTITUTE

16. (1) The Board of Management shall appoint a person to be the Director-General of the Institute. The Director-General shall function as the principal executive officer of the Institute. The Institute shall decide on the terms and conditions of employment of the Director-General and shall, with the approval of the Minister given in consultation with the Minister in charge of the subject of Finance, determine the remuneration to be paid to the Director-General.

Appointment of  
Director-General.  
&c.

(2) The Director-General shall, subject to the general direction and control of the Board of Management, be charged with the administration of the affairs of Institute and shall exercise control over the officers and servants of the Institute.

(3) The Board of Management may, remove the Director-General from office, after having afforded the Director-General an opportunity of being heard.

(4) The office of Director-General shall become vacant upon the death of the Director-General or by removal from office under subsection (3) or by resignation from office, by the holder of the office.

(5) Unless removed from office under subsection (3), any person who holds the office of Director-General shall be eligible for reappointment.

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Officers and  
servants of the  
Institute.

17. (1) The Board of Management may appoint such officers and servants as the Board of Management considers necessary for the discharge of its functions.

(2) The officers and servants appointed under subsection (1) shall be paid such remuneration in such manner and at such rates as may be determined by the Board of Management and shall be subject to such conditions of service as may be determined by the Board of Management.

(3) At the request of the Board of Management, any officer in the public service may, with the consent of the Secretary to the Ministry of the Minister in charge of the subject of Public Administration and of that officer, be temporarily appointed to the staff of the Institute. Where any officer in the public service is temporarily appointed to the staff of the Institute, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to, and in relation to, him.

(4) At the request of the Board of Management, any officer in the public service may, with the consent of the Secretary to the Ministry of the Minister in charge of the subject of Public Administration and of that officer, be permanently appointed to the staff of the Institute. Where any officer in the public service is permanently appointed to the staff of the Institute, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to, and in relation to, him.

(5) Where the Institute employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service to the Institute by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

(6) At the request of the Institute any member of the Local Government Service or any officer or servant of a local authority may, with the consent of that member, or officer or

servant of the Local Government Service or local authority as the case may be, be temporarily appointed to the staff of the Institute for such period as may be determined by the Institute, or with like consent be permanently appointed to the staff of the Institute on such terms and conditions, including those relating to pensions or provident fund rights, as may be agreed upon by the Local Government Service or local authority and the Institute. Where any member of the Local Government Service or any officer or servant of a local authority is temporarily appointed to the staff of the Institute such member or officer or servant shall be liable to the same disciplinary control as any other member or officer or servant of the Institute.

(7) Any officer or servant of a public corporation may with the consent of the governing board of that corporation be temporarily appointed to the staff of the Institute for such period as may be determined by the Board of Management, or he may be permanently appointed to the staff of the Institute on such terms and conditions, including those relating to pensions or provident fund rights, as may be agreed upon by the governing board of that Corporation and the Institute.

(8) At the request of the Institute, any officer or servant of a Higher Educational Institution established under the Universities Act, No. 16 of 1978, may, with the consent of that officer or servant and of the University Grants Commission and of the principal executive officer of that Higher Educational Institution, be temporarily appointed to the staff of the Institute for such period as may be determined by the Institute, or with like consent be permanently appointed to the staff of the Institute.

18. The Institute may delegate any of its powers and functions to any officer or servant of the Institute and such officer or servant shall exercise or discharge such power or function, subject to the direction and control of the Board of Management.

Institute may  
delegate its  
powers.

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**PART V**

**FINANCE**

Fund of the  
Institute.

**19.** (1) The Institute shall have its own fund (hereinafter referred to as the "Fund").

(2) There shall be paid into to such Fund —

- (a) all such sums of money as may be voted from time to time by Parliament, for the use of the Institute ;
- (b) all such sums of money as may be received by the Institute in the exercise and discharge of its powers and functions ; and
- (c) all such sums of money as may be received by the Institute, by way of donation, gift or grant, income, fees, charge, or loan from any source whatsoever, whether within or outside Sri Lanka.

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

- (a) all such sums of money as are required to defray any expenditure incurred by the Institute in the exercise, performance and discharge of its powers, duties or functions under this Act ;
- (b) all such sums of money as are required to be paid out of the Fund, by or under, this Act ; and
- (c) all such sums of money as are required for training courses for public officers, employees, members and co-operative leaders in the field of co-operatives.

Borrowing powers  
of the Institute.

**20.** The Board of Management may, with the concurrence of the Minister and the Minister in charge of the subject of Finance, or in accordance with the terms of a general authority given with like concurrence, borrow, by way of overdraft or otherwise, such sums as may be necessary for the discharge of its functions :

Provided however that the aggregate outstanding in respect of loans raised by the Institute under this section, shall not exceed such sum as may be determined by the Minister with the concurrence of the Minister in charge of the subject of Finance.

21. The Financial Year of the Institute shall be the calendar year.

Financial year of the Institute.

22. The provisions of Article 154 of the Constitution shall apply to the audit of the accounts of the Institute.

Audit of accounts of the Institute.

## PART VI

### GENERAL

23. All contracts and agreements entered into by or with the Sri Lanka School of Co-operation, Polgolla, or by or with the State, for or on behalf of the Sri Lanka School of Co-operation, Polgolla, and subsisting on the day immediately preceding the appointed date and all liabilities of the Sri Lanka School of Co-operation, Polgolla, or of the State incurred for, or on behalf of the Sri Lanka School of Co-operation, Polgolla, and subsisting on the day immediately preceding the appointed date shall be deemed to be contracts and agreements entered into by or with the Institute or liabilities of the Institute, as the case may be, and shall be enforced accordingly.

Transitional provisions.

24. (1) Where any immovable property of the State is required for the purposes of the Institute, such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made under section 6 of the State Lands Ordinance and accordingly the provisions of that section shall apply to a special grant or lease of such property to the Institute.

State property both movable and immovable to be made available to the Institute.

(2) Where any movable property of the State is required for the purpose of the Institute, the Minister may by Order published in the Gazette, transfer to, and vest in the Institute the possession and use of such property :

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Provided however, that no Order affecting movable property of the State shall be made under the preceding provisions of this section without the concurrence of the Minister having control over such property.

Acquisition of private lands for the purposes of the Institute.

25. (1) Where any immovable property is required to be acquired for any specific purpose of the Institute and the Minister by Order published in the Gazette, approves the proposed acquisition for that purpose, that property shall be deemed to be required for a public purpose and may accordingly be acquired under the Land Acquisition Act, and be transferred to the Institute.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act for the Institute, shall be paid out of the fund of the Institute.

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

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

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

(2) Any expense incurred by the Institute in any suit or prosecution brought by, or against the Institute in any court shall be paid out of the Fund of the Institute, and any costs paid to or received by the Institute in any such suit or prosecution shall be credited to the Fund of the Institute.

(3) Any expense incurred by such person as is referred to in subsection (1) in any suit or prosecution brought against him in any court in respect of any act which is done or purported to be done by him under this Act or on the direction

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of the Board of Management shall, if the court holds that the act was done in good faith, be paid out of the Fund of the Institute, unless such expense is recovered by him in such suit or prosecution.

27. All members of the Board of Management and all officers and servants of the Institute shall be deemed to be public servants within the meaning, and for the purposes of the Penal Code.

Members and officers and servants of the Institute deemed to be public servants.

28. The Institute shall be deemed to be Scheduled Institution within the meaning of the Bribery Act, and the provisions of that Act shall be construed accordingly.

The Institute deemed to be Scheduled Institution within the meaning of the Bribery Act.

29. The Board of Management shall, within a period of six months from the end of each financial year of the Institute, submit to the Minister, a report describing the activities of the Institute during that year and the Minister shall cause a copy of such report to be tabled in Parliament.

Board of Management to submit report to the Minister.

30. (1) The Minister may give special or general directions, in writing to the Board of Management as to the exercise of the powers of the Institute, and the Board of Management shall give effect to every such direction.

Power of the Minister to give general or special directions to the Board of Management.

(2) The Minister may from time to time direct the Board of Management to furnish to him in writing, such information as he may require relating to the work of the Institute and it shall be the duty of the Board of Management to comply with such direction.

31. (1) The Minister may make regulations in respect of any matter, in respect of which regulations are required, or authorized by this Act to be made or which are required by this Act to be prescribed.

Regulations.



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(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 regulation made under subsection (1), 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 with effect from the date of its disapproval, but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation made by the Minister is deemed to be rescinded shall be published in the Gazette.

Sinhala text to  
prevail in case of  
any inconsistency.

32. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Interpretation.

33. In this Act, unless the context otherwise requires—

“governing board” in relation to a public corporation means the Board of Directors or other body, howsoever described, charged with the management and control of the affairs of such corporation ;

“local authority” means any Municipal Council, Urban Council or Pradeshiya Sabha and includes any other authority created or established by, or under, any law to exercise, perform or discharge powers, duties or functions corresponding to, or similar to the powers, duties and functions exercised, performed and discharged by any such Council or Sabha ;

“principal executive officer” in relation to a Higher Educational Institution, has the same meaning as in the Universities Act, No. 16 of 1978 ;

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"Provincial Council" means a Provincial Council established by Chapter XVIIA of the Constitution ;  
and

"University Grants Commission" means the University Grants Commission established by the Universities Act, No. 16 of 1978.

