



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

2. Section 40 of the Municipal Councils Ordinance is hereby amended in subsection (1) of that section, by the insertion, immediately after paragraph (u) of that subsection of the following new paragraph :— Amendment of section 40 of Chapter 252.

“(uu) 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 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 immediately after section 40 of the Municipal Councils Ordinance, and shall have effect as section 40A of that Ordinance :— Insertion of new section 40A in Chapter 252.

“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 enterprise ;

(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.

(2) 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  
36 of Chapter  
255.

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 (h) 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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