



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

DIVINEGUMA ACT, No. 1 OF 2013

[Certified on 11th January, 2013]

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Divineguma Act, No. 1 of 2013

[Certified on 11th January, 2013]

L.D.—O. 13/2012.

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A DEPARTMENT TO BE CALLED AND KNOWN AS THE DEPARTMENT OF DIVINEGUMA DEVELOPMENT BY AMALGAMATING THE SAMURDHI AUTHORITY OF SRI LANKA ESTABLISHED BY ACT, NO. 30 OF 1995, SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA ESTABLISHED BY ACT, NO. 18 OF 1996, THE UDARATA DEVELOPMENT AUTHORITY OF SRI LANKA ESTABLISHED BY ACT, NO. 26 OF 2005; TO ESTABLISH DIVINEGUMA COMMUNITY BASED ORGANIZATIONS AT RURAL LEVEL AND TO PROVIDE FOR A CO-ORDINATING NETWORK AT THE DISTRICT LEVEL AND NATIONAL LEVEL; TO ESTABLISH DIVINEGUMA COMMUNITY BASED BANKS AND DIVINEGUMA COMMUNITY BASED BANKING SOCIETIES; TO REPEAL SAMURDHI AUTHORITY OF SRI LANKA ACT, NO. 30 OF 1995, SOUTHERN DEVELOPMENT AUTHORITY OF SRI LANKA ACT, NO. 18 OF 1996 AND UDARATA DEVELOPMENT AUTHORITY OF SRI LANKA ACT, NO. 26 OF 2005 AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS, in furtherance of the economic development process and in giving effect to the national policy of alleviating poverty and ensuring social equity, it has become necessary to improve the individual, family, group and community centered livelihood development activities:

Preamble.

AND WHEREAS, Divineguma intends to mobilize people into a national development process at community level establishing divineguma community based organizations thus building up regional, district and national level co-ordinating network and developing and promoting a micro- finance banking system:

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Divineguma Act, No 1 of 2013, and the provisions of this Act other than this section, shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*

Short title and date of operation.

(hereinafter referred to as the "appointed date"). The provisions of this section shall come into operation on the date on which this Act becomes an Act of Parliament.

PART I

ESTABLISHMENT OF DIVINEGUMA DEVELOPMENT DEPARTMENT

Establishment of Divineguma Development Department.

2. There shall be established for the purpose of this Act, a government department called the Divineguma Development Department (in this Act referred to as the "Department").

Director-General and other officers and servants of the Department.

3. (1) There shall be appointed a Director-General of the Department (in this Act referred to as the "Director-General") and such other officers and servants as may be required from time to time to carry out the powers and functions of the Department.

(2) The Director-General may delegate in writing to any public officer any of his powers, functions and duties as may from time to time be considered necessary.

Objects of the Department.

4. The objects of the Department shall be:-

- (a) to carry out such development activities as may be required to alleviate poverty and to bring about a society guaranteeing social equity;
- (b) to promote the individual, family, group and community centered livelihood economic development activities;
- (c) to ensure food security for each individual and family;
- (d) to mobilize and empower people to speed up the national development;

- (e) to provide micro-financial facilities for the purpose of promoting the livelihood development of people;
- (f) to develop physical and social infrastructure facilities as may be required for the development of the livelihood of people;
- (g) to carry out such studies and research as may be required relating to the economic and social upliftment of people;
- (h) to develop the human capital in order to uplift living standards of people; and
- (i) to create a social security network for those who are in need of social security.

5. The Department shall, in the discharge of its functions have the power:-

Powers of the Department.

- (a) to supervise and monitor the establishment, control and management of divineguma community based organizations, divineguma regional organizations and divineguma district committees;
- (b) to create a network of organizations linking divineguma beneficiaries at zonal, district, regional, village, Grama Niladari division and community level and attend to matters connected therewith or incidental thereto;
- (c) to establish centres for storage, marketing and processing of the products of divineguma beneficiaries and to make available physical and financial resources for the said purpose;
- (d) to maintain the Divineguma Development Fund and the Divineguma Revolving Fund established under sections 36 and 37 of this Act;

- (e) to utilize the moneys of the Divineguma Development Fund and the Divineguma Revolving Fund for the purpose of this Act;
- (f) to supervise, manage, monitor and audit divineguma community based organizations, divineguma regional organisations, divineguma district committees, divineguma community based banks and divineguma community based banking societies;
- (g) to arrange for the conduct of lotteries with the assistance of the National Lotteries Board to raise funds for the Divineguma Development Fund;
- (h) to collect information as may be required, to plan, supervise, monitor and implement the divineguma development programmes;
- (i) to secure the co-operation of government departments, state institutions, local authorities, public corporations, provincial authorities and other private or public bodies, natural or legal persons;
- (j) to assist in implementing divineguma development programmes, by divineguma community based organizations and divineguma regional organizations;
- (k) to implement and operate programmes which will economically and socially uplift living standards of people and to develop infrastructure facilities;
- (l) to utilize the resources of the Department for the purposes of training and awareness programmes that may be conducted by the Department;
- (m) to take such measures as may be necessary to purchase raw-materials, equipment, technology and

products of divineguma beneficiaries for the purpose of promoting the activities of divineguma beneficiaries and to store them and make them available to producers as and when the need arises;

- (n) to provide marketing facilities including the setting up of marketing centers enabling divineguma beneficiaries to introduce and sell their products at national and international markets and to maintain, monitor and supervise such centers;
- (o) to liaise with governmental and non-governmental organizations;
- (p) to assign the responsibility of implementing divineguma development projects to divineguma community based organizations and divineguma regional organizations;
- (q) to possess and hold, any property movable or immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise; and
- (r) to attend to all matters connected with or incidental to such objects and functions as are specified in this Act.

6. The functions of the Department shall be :-

Functions of the Department.

- (a) to formulate and facilitate such projects that would improve the income generation of individuals, families, groups and communities;
- (b) to assist in increasing the employment opportunities of divineguma beneficiaries;
- (c) to promote marketing activities;

- (d) to develop necessary awareness of the community on livelihood development;
- (e) to motivate people towards environmental friendly lifestyle;
- (f) to liaise with such institutions that provide resources and services required for the promotion of individual, family, group and community centered development projects;
- (g) to promote saving habits amongst people;
- (h) to remove obstructions faced by divineguma beneficiaries in gaining access to resources and services;
- (i) to launch programmes that would lead to creation of a righteous social environment conducive to the well being of the community;
- (j) to mobilise the participation of divineguma beneficiaries in the planning and management of projects and schemes for their economic upliftment;
- (k) to facilitate the providing of services to divineguma beneficiaries by any government department, corporation, local government institution, private sector organization and non-governmental organizations; and
- (l) to assist in creating an institutional framework for the development of saving habits of divineguma beneficiaries and granting of loans to them.

Divineguma
National
Council.

7. (1) There shall be established a Divineguma National Council to assist, under the superintendence of the Secretary to the Ministry of the Minister, the Department in respect of matters relating to the policy and management of divineguma development programmes.

(2) The Divineguma National Council shall function subject to such directions of the Minister, as may be issued in accordance with government policies provided for and determined by the Cabinet of Ministers.

(3) The Divineguma National Council shall consist of the following members:-

- (a) the Director-General who shall be the Chairman;
- (b) Director of the Department who is in charge of the subject of Micro-Finance;
- (c) Director of the Department who is in charge of the subject of divineguma community based organizations;
- (d) Director of the Department who is in charge of the subject of Livelihood;
- (e) Secretary to the Ministry of the Minister to whom the subject of Finance is assigned, or his representative;
- (f) Secretary to the Ministry of the Minister or his representative; and
- (g) five persons nominated by the Minister.

8. (1) The Minister may, by Order published in the *Gazette* establish, for the purpose of ensuring the effective and proper implementation of the provisions of this Act, administrative zones integrating administrative activities of two or more districts, covering the entire island.

Minister to establish administrative zones.

(2) There shall be appointed by the Cabinet of Ministers, to each such zone a Head, of a similar standing to that of a Head of a government department, to be in charge of each such zone.

PART II

DIVINEGUMA COMMUNITY BASED ORGANIZATIONS

9. There shall be established, for each Grama Niladari division or for a portion of a Grama Niladari division or for several Grama Niladari divisions as may be specified by the Minister by Order published in the *Gazette*, divineguma community based organizations with the voluntary participation of divineguma beneficiaries.

Establishment of divineguma community based organizations.

Objects of the divineguma community based organizations.

10. The objects of the divineguma community based organizations shall be:—

- (a) to improve the social and economic conditions of divineguma members resident within its area of authority;
- (b) to identify livelihood development opportunities and its potential;
- (c) to provide assistance and aid that are required for the livelihood development activities, under the guidance of the Department;
- (d) to develop the physical and human resources that are required for the improvement of the livelihood activities;
- (e) to provide such opportunities as may be required to improve the saving habits of divineguma beneficiaries;
- (f) to expand the opportunities that are available in obtaining micro financial facilities and to improve the investment capabilities;
- (g) to uplift the level of education and skills of divineguma beneficiaries and their families;
- (h) to provide raw materials, consultancy services and technological facilities as may be required for the promotion of production and productivity;
- (i) to provide facilities for storage and processing of any products of divineguma beneficiaries and for the promotion of marketing of such products; and
- (j) to develop self-confidence, collective responsibility towards society, good qualities and values of divineguma beneficiaries.

11. The powers of the divineguma community based organizations, subject to the direction and supervision of the Department, shall be:-

Powers of the divineguma community based organizations.

- (a) to organize divineguma beneficiaries into small groups;
- (b) to give recognition to such small groups within the community based organizations;
- (c) to implement a social security programme for divineguma beneficiaries;
- (d) to provide necessary facilities for divineguma beneficiaries in order to secure loans from divineguma community based banks, established under section 25 of this Act;
- (e) to supervise and regulate loans obtained by divineguma beneficiaries for livelihood activities;
- (f) to provide resources and facilities for such programmes as may be implemented to develop the skills and knowledge of its members;
- (g) to collect and manage membership fees and savings of divineguma beneficiaries;
- (h) to undertake and implement programmes which are being initiated by the Department and other recognized institutions for the well being of divineguma beneficiaries;
- (i) to receive such assistance such as grants and loans, as may be provided by the government, non-governmental and private institutions;
- (j) to undertake and execute such contracts which may be given to divineguma community based organizations by the government and other recognized institutions in order to raise funds;

- (k) to undertake and implement development programmes launched with the labour contribution of the community;
- (l) to provide facilities, services and technological services in relation to the purchase of, reprocessing, and value addition to, products;
- (m) to maintain sales outlets and storages and to organize markets and fairs for the promotion of marketing;
- (n) to utilize human and physical resources of the divineguma community based organizations for social security programmes;
- (o) to maintain an office of divineguma community based organizations; and
- (p) to possess and hold, any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise.

Functions of the divineguma community based organizations.

12. The functions of divineguma community based organizations shall be:—

- (a) to encourage and provide guidance to its members to organize themselves into small groups which operate with mutual co-operation;
- (b) to motivate its members to enhance their saving habits and develop livelihood activities and to provide assistance for such activities;
- (c) to implement such programmes as may be required for the development of vocational skills and knowledge of its members;
- (d) to organize shramadana activities with the participation of its members; and
- (e) to provide facilities for the production and marketing activities.

13. The funds of divineguma community based organizations shall be deposited and maintained in a divineguma community based bank in accordance with such regulations as may be prescribed by the Minister.

Maintenance of funds of divineguma community based organizations.

14. Where a divineguma community based organization is not functional in the accomplishment of its objects, the Director- General shall, in consultation with the divineguma regional organization to which such defunct divineguma community based organization belongs, cause such defunct divineguma community based organization to be merged with the nearest functional divineguma community based organization or appoint an officer of the Department to perform the functions of such organization without interruption.

Appointment of an officer to perform the functions of divineguma community based organizations.

PART III

DIVINEGUMA REGIONAL ORGANIZATIONS

15. (1) There shall be established such number of divineguma regional organizations as may be necessary, comprising of not less than five divineguma community based organizations for the purpose of supervising, monitoring and evaluating the functions of such organisations at regional level.

Establishment of divineguma regional organizations.

(2) Every divineguma regional organization shall consist of the following members:-

- (a) chairman of each divineguma community based organization;
- (b) officer of the Department in charge of a region;
- (c) Senior Manager of the divineguma community based banking societies established under section 29 of this Act; and
- (d) three persons involved in the development activities of the area to be nominated by the Director-General.

(3) The Chairman and Secretary of each such divineguma regional organization shall be elected from among the members referred to in subsection (2).

(4) The Divisional Secretary of the Division, within whose area of authority each such divineguma regional organization is established, shall function as an Advisor to each such divineguma regional organization.

Objects of the divineguma regional organizations.

16. The objects of every divineguma regional organization, under the guidance and supervision of the Department, shall be:—

- (a) to provide necessary assistance to any divineguma community based organization to carry out their livelihood development activities;
- (b) to develop such human resources as may be necessary for the development of activities relating to the upliftment of livelihood of its members;
- (c) to assist the Department in promoting and monitoring micro- financial activities within its area of authority;
- (d) to purchase products, reprocess and add value to the same and provide facilities for storage, processing and marketing of such products at regional level; and
- (e) develop human personality, collective work, virtuous and spiritual qualities of the divineguma beneficiaries.

Powers of divineguma regional organizations.

17. Each divineguma regional organization shall, under the guidance and supervision of the Department, have the power:—

- (a) to carry out such studies as may be necessary and collect information, in respect of economic and

social development activities within its area of authority;

- (b) to review any livelihood development activities carried out by any divineguma community based organizations;
- (c) to provide such assistance as may be necessary in promoting the micro-financial activities within its area of authority;
- (d) to provide such assistance as may be necessary to any divineguma community based organizations in organizing and implementing programmes required for the development of vocational skills and know-how;
- (e) to provide such technical assistance and other services as may be necessary for the development of agricultural or any other products of its beneficiaries in the region;
- (f) to maintain centres for the purchase, storage and marketing of products and raw-material and organize trading centres and shopping centres;
- (g) to monitor and regulate all activities of divineguma community based organizations;
- (h) to establish and maintain a fund of such organizations subject to such regulations as may be prescribed by the Minister ;
- (i) to undertake and implement such projects launched by the Department and any other recognized institution;
- (j) to accept aid, grants and loans offered by governmental and non-governmental organizations subject to such regulations as may be prescribed by the Minister;

- (k) to undertake and perform any contract offered by the Department or other recognized institution subject to such directions as may be issued by the Department;
- (l) to establish and maintain an office of the divineguma regional organizations;
- (m) to deposit moneys of the divineguma regional organization in a divineguma community based banking society and maintain accounts of such deposits;
- (n) to utilize human and physical resources of the organization for the social security programmes; and
- (o) to possess and hold, any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise.

Functions of the divineguma regional organizations.

18. The functions of the divineguma regional organization, under the guidance and supervision of the Department, shall be:—

- (a) to provide guidance and encouragement in respect of small group programmes being conducted by the divineguma community based organizations;
- (b) to supervise and monitor the savings of the divineguma community based organizations;
- (c) to provide such assistance as may be necessary to such divineguma community based organizations which are situated within its area of authority, for the advancement of livelihood development activities carried out by such organizations and supervise and monitor the same;

- (d) to organize and implement regional level programmes needed for the development of vocational skills and know-how of its members;
- (e) to provide raw-material, technology and other related services for the development of products at regional level and provide facilities for marketing of the same;
- (f) to provide assistance for the social security programme being implemented by the divineguma community based organizations;
- (g) to assist in the preparation of the progress report of the Department in respect of the respective region; and
- (h) to liaise with other governmental, non-governmental and private organizations at regional level for the purpose of achieving the objects of divineguma regional organizations .

PART IV

DIVINEGUMA DISTRICT COMMITTEES

19. (1) There shall be established for the purpose of this Act, divineguma district committees representing all divineguma regional organizations functional within a district.

Establishment of divineguma district committees.

(2) Each such district committee shall consist of the following members:—

- (a) all chairmen and secretaries of all divineguma regional organizations within each such district;
- (b) Senior Managers of all divineguma banking societies established under section 29 of this Act within each such district;

- (c) the officer of the Department, who is in charge of a respective district; and
- (d) three persons involved in the development activities of the district to be nominated by the Director-General.

(3) The District Secretary, within whose area of authority each such divineguma district committee is established, shall function as an Advisor to each such divineguma district committee.

Objects of
divineguma
district
committees.

20. The objects of a divineguma district committee, under the guidance and supervision of the Department, shall be:—

- (a) to take such measures as may be necessary to achieve such objects as are specified in this Act through divineguma regional organizations and divineguma community based organizations;
- (b) to supervise, monitor and evaluate programmes of divineguma community based organizations and divineguma regional organizations in the respective district;
- (c) to secure the co-operation of the other district level organizations in relation to the divineguma regional organizations and community based organizations; and
- (d) to co-ordinate the programmes of divineguma community based organizations and regional organizations functioning in the respective district.

Powers of the
divineguma
district
committees.

21. The powers of each divineguma district committee shall be:—

- (a) to convene and conduct committee meetings once in every three months;

- (b) to obtain reports from divineguma regional and community based organizations in the respective district;
- (c) to assist the Department in the supervision, monitoring and evaluation of the divineguma community based organizations; and
- (d) to conduct a study on divineguma development programme for and on behalf of the Department and forward such development proposals as may be required to the Department.

22. The functions of each divineguma district committee shall be:-

Functions of divineguma district committees.

- (a) to conduct studies on divineguma development programmes and projects in the respective district;
- (b) to co-ordinate with such other district level governmental, non- governmental and private institutions as may be required in carrying out divineguma development programme;
- (c) to consider proposals and views for the efficient functioning of the divineguma development programme in the respective district and forward the same to the Department; and
- (d) to prepare monthly a progress review report in respect of the respective district and convene progress review meetings.

PART V

DIVINEGUMA NATIONAL FEDERATION

23. There shall be established a Divineguma National Federation consisting of representatives of all divineguma community based organizations. The Minister shall preside at every meeting of the Divineguma National Federation.

Establishment of the Divineguma National Federation.

Object of the Divineguma National Federation.

24. The object of the Divineguma National Federation shall be to consider proposals and views needed for national policy planning, co-ordination of divineguma development programme at national level and provide leadership for the implementation of divineguma development programme.

PART VI

DIVINEGUMA COMMUNITY BASED BANKS

Establishment of divineguma community based banks.

25. (1) There shall be established divineguma community based banks for each such area covering the area of authority of one or more divineguma community based organizations in order to promote micro-financial services among its beneficiaries.

(2) The Minister shall prescribe the registration procedure of such banks and any other matter in relation to such procedure.

(3) Every such bank shall by the name assigned to it be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in that name.

(4) It shall be the duty of every such bank to comply with such regulations as may be made by the Minister.

Objects of the divineguma community based banks.

26. The objects of the divineguma community based banks shall be :-

- (a) to promote the habit of savings among divineguma beneficiaries ;
- (b) to develop investment potential;
- (c) to enhance income by developing the production potential; and
- (d) to provide credit facilities to divineguma beneficiaries.

27. Every divineguma community based bank shall have the power :-

Powers of divineguma community based banks.

- (a) to open, maintain and close membership accounts, accept deposits and issue bank pass books to divineguma beneficiaries and to members of such banks;
- (b) to provide credit facilities with or without securities, recover loans, manage and operate the same;
- (c) accept funds of divineguma community based organizations and manage the same;
- (d) to maintain accounts of such subsidies and such moneys as may be provided by the Government ;
- (e) to invest funds of the divineguma community based banks in divineguma banking societies; and
- (f) to possess and hold, any property movable or immovable, which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise.

28. The functions of the divineguma community based banks shall be :-

Functions of divineguma community based banks.

- (a) to motivate divineguma beneficiaries to save;
- (b) to provide loans to divineguma beneficiaries at individual and group levels;
- (c) to educate divineguma beneficiaries on financial management;
- (d) to ensure welfare of the depositors and members of their families;
- (e) to develop a banking culture among its customers; and
- (f) to distribute such subsidies as may be provided by the government.

PART VII

DIVINEGUMA COMMUNITY BASED BANKING SOCIETIES

Establishment of divineguma community based banking societies.

29. (1) There shall be established for the purposes of this Act, divineguma community based banking societies comprising of all divineguma community based banks within the area of authority of each divineguma regional organization, in order to establish a viable micro-financial banking network at regional level.

(2) The Minister shall prescribe the registration procedure of such banking society and any other matter in relation to such procedure.

(3) Every such banking society shall by the name assigned to it be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in that name.

(4) It shall be the duty of every such banking society to comply with such regulations as may be made by the Minister.

Objects of divineguma community based banking societies.

30. The objects of divineguma community based banking societies shall be :-

- (a) to set up a viable regional banking network co-ordinating divineguma community based banks;
- (b) to provide such financial assistance which is required for livelihood development; and
- (c) to motivate divineguma beneficiaries to engage in formal micro-financial banking activities.

Powers of divineguma community based banking societies.

31. The divineguma community based banking societies shall have the power:-

- (a) to accept deposits of the divineguma community based banks ;
- (b) to invest its funds, grant credit facilities and disburse profits;

- (c) to provide such facilities and training as are needed for the promotion of the divineguma community based banks;
- (d) to maintain accounts of divineguma community based banks and manage such subsidies as may be provided by the government;
- (e) to supervise and regulate the divineguma community based banking activities subject to such directions as may be issued by the Board of Management; and
- (f) to possess and hold, any property movable or immovable which may become vested in it by virtue of any purchase, grant, gift, testamentary disposition or otherwise.

32. The functions of divineguma community based banking societies shall be:—

- (a) to collect the deposits maintained by divineguma community based banks and manage the same;
- (b) to take such steps as may be necessary to develop a micro-financial culture among divineguma beneficiaries; and
- (c) to function as a regional institution for the successful operation of the divineguma community based banking activities.

Functions of divineguma community based banking societies.

33. (1) The Minister shall appoint for the purpose of the supervision and regulation of the financial activities of the divineguma community based banks and divineguma community based banking societies, a Board of Management of the Divineguma Community Based Banks and Divineguma Community Based Banking Societies (in this Act referred to as the "Board of management").

Board of Management of divineguma community based banks and divineguma community based banking societies.

(2) The Board of Management shall consist of:—

- (i) the following ex-officio members namely:-
 - (a) the Director-General of the Department who shall be the Chairman;

- (b) a representative of the Secretary to the Ministry of the Minister to whom the subject of Finance is assigned;
 - (c) the Director in charge of the banking affairs of the Department;
 - (d) a representative to be appointed by the Governor of the Central Bank of Sri Lanka;
 - (e) the Secretary to the Ministry of the Minister or his representative; and
- (ii) three persons to be appointed by the Minister (hereinafter referred to as the "appointed members").
- (3) The term of office of every appointed member shall be three years.
- (4) An appointed member may resign his office by letter addressed to the Minister and such resignation shall be effective from the date on which it is accepted by the Minister.
- (5) The Minister may for reasons assigned therefor remove an appointed member from office.
- (6) In the event of a vacancy occurring due to the death, resignation, incapacity or removal from office of an appointed member, the Minister shall, having regard to the provisions of sub section (1), appoint another member in his place.
- (7) A member appointed under subsection (6) shall hold office for the unexpired part of the term of office of the member whom he succeeds.
- (8) The appointed members may be paid such remuneration as the Minister, in consultation with the Minister to whom the subject of Finance is assigned, shall determine.
- (9) The Board of Management shall, for the purpose of supervision and regulation of financial activities of such banks and banking societies have the power to issue directions from time to time, to such banks and banking societies.

(10) The Board of Management shall, in the discharge of its duties, be subject to such regulations as may be prescribed by the Minister.

34. There shall be established for the purpose of this Act, a Divineguma Community Based Banking Union consisting of all Divineguma community based Banks and divineguma community based banking societies.

Divineguma
Community
Based Banking
Union.

35. The provisions of the Banking Act, No.30 of 1988 and the Finance Business Act, No.42 of 2011 shall not apply in respect of banks and banking societies established under the provisions of this Act.

Finance Business
Act, No.42 of
2011 and
Banking Act,
No. 30 of 1988
not to apply.

PART VIII

FUNDS OF THE DEPARTMENT

36. (1) There shall be established, for the purpose of this Act, a fund called "Divineguma Development Fund". There shall be credited to such Fund all such sums of money as may be provided from time to time by the Government :-

Divineguma
Development
Fund.

- (2) (a) All grants and donations received by the Department;
- (b) all gifts and other contributions made by the banks and banking societies established under this Act;
- (c) such percentage of money as may be prescribed by the Minister, of the profit of the banks and banking societies established under this Act; and
- (d) any other money that may be received under this Act,

shall be credited to the Consolidated Fund and shall thereafter, with the approval of the Parliament, be credited to the Divineguma Development Fund.

(3) The moneys lying to the credit of the above Fund may be utilized for such purposes and in such manner as may be prescribed by the Minister from time to time.

Divineguma
Revolving Fund.

37. (1) There shall be established for the purpose of this Act, a fund called "Divineguma Revolving Fund".

(2) All monies lying, on the date immediately prior to the appointed date, to the credit of the revolving fund of, the Samurdhi Authority of Sri Lanka established under the Samurdhi Authority of Sri Lanka Act, No. 30 of 1995, the Southern Development Authority of Sri Lanka established under the Southern Development Authority of Sri Lanka Act, No. 18 of 1996 and the Udarata Development Authority of Sri Lanka established under the Udarata Development Authority of Sri Lanka Act, No. 26 of 2005 shall stand, with effect from the appointed date, transferred to the Divineguma Revolving Fund established under this Act.

PART IX

GENERAL

District
Secretaries to be
Additional
Director-
General.

38. The District Secretary of each district shall function as an Additional Director-General of the Department in respect of the respective district.

Declaration of
Secrecy.

39. The Director-General, Additional Directors-General, every Director, Deputy Director, Assistant Director and officers and servants of the Department, shall before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all matters connected with the working of the Department and shall by such declaration pledge himself not to disclose any matters which may come to his knowledge in the discharge of his functions, except -

- (a) when required to do so by a court of law; or
- (b) in order to comply with any of the provisions of this Act or any other written law.

40. (1) For the purposes of enabling the Department to exercise and discharge any of its powers and functions under this Act, the Department or any person authorized in that behalf by the Department may, by notice in writing require any person to furnish to the Department or to the person authorized by the Department, within such period as shall be specified in the notice, such returns and information as shall be specified in such notice and require any person to be present before the Department.

Returns and Information.

(2) It shall be the duty of any person who is required by a notice under subsection (1), to furnish any return or information or to be present before the Department to comply with the requirements of such notice within the period specified in such notice, except where such person is prohibited from furnishing such returns or information under the provisions of any other written law.

(3) No information contained in a return furnished in compliance with a notice issued under subsection (1) shall be published or communicated by the Department or any officer, servant or agent of the Department to any other person except with the consent of the person furnishing such return or information or in the course of the discharge of the functions of the Department.

(4) Every person who makes any statement before the Department shall in respect of such statement, be entitled to all the privileges to which a witness giving evidence before a court of law is entitled in respect of evidence given by him before such court.

41. Any person who acts in contravention of any of the provisions of this Act or any regulation, rule or direction made or issued thereunder, shall be guilty of an offence under this Act and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding two thousand five hundred rupees or to imprisonment for a term not exceeding two years.

Offences.

42. (1) The Minister may make regulations for the matters required by this Act to be prescribed and for matters in respect of which regulations are authorized to be made.

Regulations.

(2) Without prejudice to the generality of powers conferred by subsection (1), the Minister may make regulations in respect of all or any of the following matters:-

- (a) the constitution and administrative structure of the divineguma community based organizations and matters connected with such constitution and administrative structure;
- (b) the constitution and administrative structure of the divineguma regional organizations and matters connected with such constitution and administrative structure;
- (c) the constitution and administrative structure of the Divineguma Community Based Banking Union and matters connected therewith or incidental thereto;
- (d) registration of divineguma community based banks, requirements to be fulfilled with respect to such registration and cancellation of such registration and banking activities of the divineguma community based banks and matters connected therewith or incidental thereto;
- (e) registration of divineguma community based banking societies, requirements to be fulfilled with respect to such registration and cancellation of such registration and activities of the divineguma community based banking societies and matters connected therewith or incidental thereto;
- (f) criteria in respect of the selection of divineguma beneficiaries;
- (g) criteria to be a member of divineguma community based organizations and divineguma community based banks;

- (h) criteria in respect of the supervision, regulation and evaluation of divineguma community based organizations, divineguma community based banks and divineguma community based banking societies;
- (i) delimitation of the area of authority of implementation and administration of divineguma programmes at rural, regional or district levels;
- (j) all matters connected with the Divineguma Development Fund and the Divineguma Revolving Fund;
- (k) all matters connected with the funds maintained by divineguma community based organizations, divineguma regional organizations, divineguma community based banks and divineguma community based banking societies;
- (l) the procedure for the settlement of disputes that may arise when giving effect to the principles and provisions of this Act and matters connected therewith or incidental thereto; and
- (m) the use of a common logo for divineguma programmes.

(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 no later than three months after its publication in the *Gazette* be brought before the Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded from the date of such disapproval but without prejudice to anything previously done thereunder.

(5) Notification of the date of such disapproval shall be published in the *Gazette*.

Rules.

43. (1) The Director -General may, in consultation with the Divineguma National Council, make rules in respect of policy and management of affairs of the Department.

(2) Every rule made by the Director-General shall not come into operation until it is approved by the Cabinet of Ministers.

(3) Every rule so approved shall be published in the *Gazette*.

PART X

REPEALS AND SAVINGS

Repeal of the Samurdhi Development Authority Act, No.30 of 1995, the Southern Development Authority Act, No.18 of 1996 and the Udarata Development Authority Act, No.26 of 2005 and savings.

44. The Samurdhi Development Authority Act, No.30 of 1995, the Southern Development Authority Act, No.18 of 1996 and the Udarata Development Authority Act, No.26 of 2005 are hereby repealed. Notwithstanding the repeal of the aforesaid Acts:-

- (a) all activities carried out by the Commissioner-General under the repealed Samurdhi Development Authority Act, No. 30 of 1995, in the implementation of the poverty alleviation programmes and other programmes of the government, shall be deemed to be carried out and shall continue to be carried out, under this Act;
- (b) all property movable and immovable, belonging to the Samurdhi Development Authority, Southern Development Authority and Udarata Development Authority established under the repealed Acts (hereinafter referred to as the "said Authorities") as at the date immediately prior to the appointed date shall with effect from the appointed date vest in and be deemed to be the property of the Government;
- (c) all suits, prosecutions, actions, proceedings, matters or things which have been instituted by or against

the said Authorities and which are pending as at the date immediately prior to the appointed date shall with effect from the appointed date be deemed to be suits, prosecutions, actions, proceedings, matters or things which have been instituted by or against the Government;

- (d) any decree, order or award entered or made in favour of or against the said Authorities by any court or tribunal or other body in any action, matter, proceeding or thing shall with effect from the appointed date be deemed to be a decree, order or award entered or made in favour of or against the Government and may be enforced accordingly;
- (e) such officer or servant in the employment of the said Authorities, as at the date immediately prior to the appointed date shall-
 - (i) where such officer or servant does not opt to join the service of the Department and opts for voluntary resignation from the service, such officer or servant be paid such compensation which shall be paid in terms of a voluntary retrenchment scheme as shall be prescribed by the Minister;
 - (ii) where such officer or servant opts to join, with effect from the date of appointment to such posts in the respective authority, the service of the Department, such officer or servant, be deemed with effect from such date of appointment and subject to the approval of the Public Service Commission, to be an officer or a servant of the Department and be eligible for a pension under the provisions of Minutes on Pensions taking into consideration the contributions made by the respective Authorities to such Provident Fund;

- (iii) where such officer or servant opts to join the services of the Department-
 - (aa) if such officer or servant is eligible for the receipt of any sum of money under the Employees Provident Fund Act, No. 15 of 1958; and
 - (bb) if such officer or servant is eligible for the receipt of any sum of money under the Employees Trusts Fund Act, No. 46 of 1980,

such officer or servant shall recover such sum of money and may, subject to the approval of the Public Service Commission, join the service of the Department. Such officer or servant shall, with effect from the date of appointment to the service of the Department, be deemed to be an officer or a servant of the Department. Further, the date on which such officer or servant is appointed to the service of the Department, shall be deemed to be the date for the purpose of computation of the pension; or

- (iv) where such officer or servant who opts to join the service of the Department and also opts to contribute to the Employees' Provident Fund and the Employees' Trust Fund, such officer or servant shall, subject to the approval of the Public Service Commission, with effect from the appointed date, be deemed to be an officer or a servant of the Department and shall continue to contribute to the same :

Provided however, such officer or servant shall not be entitled to a pension under the provisions of Minutes on Pensions ;

- (f) all debts, obligations, assets and liabilities incurred, all contracts and agreements executed or enforced into and all matters and things engaged or agreed to be done by, with or for the said Authorities and all licences issued for and on behalf of the said Authorities, as at the date immediately prior to the appointed date shall, with effect from the appointed date be deemed to be debts, obligations, assets and liabilities incurred, all contracts and agreements executed or enforced into and all matters and things engaged or agreed to be done by, with or for, and licences issued for and on behalf of, the Government ;
- (g) all samurdhi banking societies and samurdhi banking federations that are in operation on the date immediately prior to the appointed date shall, with effect from the appointed date be deemed to be divineguma community based banks and divineguma community based banking societies respectively;
- (h) every person who has applied for, or is in receipt of, any welfare benefit, from Samurdhi Authority or Samurdhi Commissioner General in terms of any written law or otherwise, shall notwithstanding anything to the contrary in this Act, be eligible to apply for the receipt of or continue to receive, such benefit under the provisions of this Act.

45. The trusts and funds established for any object by or under the Samurdhi Development Authority of Sri Lanka established under the repealed Act, No. 30 of 1995, Southern Development Authority of Sri Lanka established under the repealed Act, No. 18 of 1996, Udarata Development Authority of Sri Lanka established under the repealed Act, No. 26 of 2005, shall be managed by the Department ensuring that there shall be no change with regard to the object and the purpose for which such trusts and funds were established and the beneficiaries.

Trusts and funds under the repealed Acts to be deemed to be trusts and funds under this Act.

This Act to prevail over other written law.

46. In the event of any conflict or inconsistency between the provisions of this Act and the provisions of any other written law, the provisions of this Act shall prevail.

Interpretation.

47. In this Act, unless the context otherwise requires:-

"Central Bank" means the Central Bank of Sri Lanka established under the Monetary Law Act, (Chapter 422);

"community" means plantation, urban or industrial sectors of the public;

"divineguma beneficiary" means any person who obtains any kind of benefit or assistance under any programme, project or activity carried out by any divineguma community based organization or divineguma regional organization;

"micro-finance" means a type of banking service that is provided to employed or low-income individuals or groups who would otherwise have no other means of gaining financial services;

"Minister" means the Minister to whom the subject of Divineguma is assigned ; and

"National Lotteries Board" means the National Lotteries Board established under the National Lotteries Board Act, No. 11 of 1963.

Sinhala text to prevail in case of inconsistency.

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

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