



**LOCAL LOANS AND DEVELOPMENT
(AMENDMENT)**

LAW, No. 9 of 1974

OF

THE NATIONAL STATE ASSEMBLY

[Certified on 1st April, 1974]

Printed on the Orders of Government

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA (CEYLON)

TO BE PURCHASED AT THE GOVT. PUBLICATIONS BUREAU, COLOMBO

Local Loans and Development (Amendment)

Law, No. 9 of 1974

L. D.—O. 3/87.

A LAW TO AMEND THE LOCAL LOANS AND DEVELOPMENT
ORDINANCE

BE it enacted by the National State Assembly of the Republic of Sri Lanka as follows:—

1. This Law may be cited as the Local Loans and Development (Amendment) Law, No. 9 of 1974.

Short title.

2. Section 2 of the Local Loans and Development Ordinance, hereinafter referred to as the “principal enactment”, is hereby amended as follows:—

Amendment
of section 2
of Chapter
40A.

(1) by the repeal of subsection (2) of that section, and the substitution therefor, of the following new subsection:—

“(2) The commissioners shall consist of at least five persons all of whom shall be appointed by the Minister, and—

(a) one of whom shall be the Secretary to the Ministry who shall also be the Chairman thereof ;

(b) another of whom shall be the Commissioner of Local Government ;

(c) another of whom shall be a state officer nominated for such appointment, by name or by office, by the Minister in charge of the subject of Irrigation, Power and Highways; and

(d) another of whom shall be a state officer nominated for such appointment, by name or by office, by the Minister in charge of the subject of Finance.”;

(2) by the repeal of subsection (3) of that section ;
and

(3) by the renumbering of subsection (4) of that section as subsection (3) thereof.

2 *Local Loans and Development (Amendment)*
Law, No. 9 of 1974

3. Section 5 of the principal enactment is hereby amended by the substitution for subsection (1) thereof, of the following subsection:—

Amendment of section 5 of the principal enactment.

“(1) The Minister may by Order published in the *Gazette* assign to the commissioners any loan already granted by the Government to any person, society, or body of persons, or to any local authority, including any loan converted under section 30 of this Ordinance, and thereupon all sums due in respect of the said loans shall become payable to the commissioners on the same terms and conditions as those on which prior to such assignment they were payable to the Government, and all securities for the payment of such sums shall be enforceable in the same manner as if they had been given in respect of a loan under this Ordinance.”

4. Section 6 of the principal enactment is hereby repealed and the following section is substituted therefor:—

Replacement of section 6 of the principal enactment.

“ Commissioners may obtain loans from Consolidated Fund, banks, &c.

6. (1) The commissioners may, with the consent of the Minister, given with the concurrence of the Minister in charge of the subject of Finance, obtain loans from—

- (a) the Consolidated Fund ; or
- (b) any commercial bank; or
- (c) any Government-sponsored lending institution ; or
- (d) any local authority,

upon such terms as to the mode and time of payment and to the interest payable thereon as the Minister may, with like concurrence, determine.

(2) The total amount of the loans obtained under subsection (1) shall not exceed such limit as the Minister may, with the concurrence of the Minister in charge of the subject of Finance, fix from time to time.”

5. Section 7 of the principal enactment is hereby repealed.

Repeal of section 7 of the principal enactment.

Local Loans and Development (Amendment) 3
Law, No. 9 of 1974

6. Section 8 of the principal enactment is hereby amended in subsection (3) of that section by the insertion, immediately after paragraph (b) of that subsection, of the following new paragraph:—

Amendment of section 8 of the principal enactment.

“(bb) all expenses incurred by the commissioners with the approval of the Minister in the administration of this Ordinance;”.

7. Section 9 of the principal enactment is hereby repealed and the following section is substituted therefor:—

Replacement of section 9 of the principal enactment.

“ Purposes for which loans may be granted.

9. The commissioners may, with the approval of the Minister, grant loans for the following purposes:—

(a) to any local authority for the purpose of any work of public utility which such authority may be authorized by law to undertake ; and

(b) to any person or body for any purpose of public utility.”.

8. Section 14 of the principal enactment is hereby repealed, and the following new section is substituted therefor:—

Replacement of section 14 of the principal enactment.

“ Application of the provisions of the Finance Act, No. 38 of 1971.

14. The provisions of Part II of the Finance Act, No. 38 of 1971, shall, *mutatis mutandis*, apply to the financial control and accounts of the board of commissioners.”.

9. The following new section is hereby inserted immediately after section 14, and shall have effect as section 14A, of the principal enactment:—

Insertion of new section 14A in the principal enactment.

“ Financial year of the board of commissioners.

14A. The financial year of the board of commissioners shall be the calendar year.”.

10. Section 30 of the principal enactment is hereby amended by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection:—

Amendment of section 30 of the principal enactment.

“(1) The Minister may, with the concurrence of the Minister in charge of the subject of Finance, direct that any loan advanced to any local authority

4 *Local Loans and Development (Amendment)*
Law, No. 9 of 1974

before the commencement of this Ordinance, which is repayable by means of a sinking fund, shall be converted into a loan repayable by instalments of principal and interest, and such loan shall be converted accordingly, and thereupon the security given for the purpose of the repayment of the loan and the interest due in respect thereof before such conversion shall be deemed to have reference to such loan as converted, and shall be enforceable accordingly.”

11. The principal enactment is hereby amended by the addition at the end thereof, of the following new section which shall have effect as section 33 of that enactment:—

Insertion of
new section
33 in the
principal
enactment.

Interpretation.

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

“ commercial bank ” has the same meaning as in the Monetary Law Act ;

“ Government-sponsored lending institution ” means any Government-sponsored lending institution which is approved by the Minister, with the concurrence of the Minister in charge of the subject of Finance, for the purposes of section 6 ;

“ local authority ” means any Municipal Council, Urban Council, Town Council or Village Council ;

“ Minister ” means the Minister in charge of the subject of Local Government, and “ Ministry ” shall be construed accordingly;

“ Secretary to the Ministry ” shall include an Additional Secretary to the Ministry.’