



PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA

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SOUTHERN DEVELOPMENT  
AUTHORITY OF SRI LANKA  
ACT, No. 18 OF 1996

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[Certified on 1st August, 1996]

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*Southern Development Authority of Sri Lanka  
Act, No. 18 of 1996*

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L.D.—O. 42/95.

AN ACT TO PROVIDE FOR THE ESTABLISHMENTS OF THE SOUTHERN  
DEVELOPMENT AUTHORITY OF SRI LANKA FOR THE PURPOSE OF  
IDENTIFYING, FORMULATING AND CO-ORDINATING THE IMPLI-  
MENTATION OF DEVELOPMENT PROJECTS WITHIN THE SOUTHERN  
AREA; 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 Southern Development  
Authority of Sri Lanka Act, No. 18 of 1996.

Short Title.

ESTABLISHMENT AND CONSTITUTION OF  
AUTHORITY

2. (1) There shall be established an authority which  
shall be called the “Southern Development Authority of Sri  
Lanka” (hereinafter referred to as the “Authority”) con-  
sisting of the persons who are members thereof under  
Section 4.

Establish-  
ment of the  
Southern  
Development  
Authority.

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

3. (1) The Authority shall be responsible for co-ordi-  
nating the planning and implementation of development  
projects within the area as specified in the Schedule hereto  
(hereinafter referred to as the “designated area”) and shall  
for that purpose, exercise, perform and discharge all or any  
of the powers, duties and functions conferred or imposed  
on it by or under this Act.

Designated  
Area  
of the  
Authority.

(2) Notwithstanding the provisions of subsection (1), the  
Authority shall have the power to maintain any office or  
stores outside the designated area and execute outside such  
designated area any such work as may be necessary for the  
discharge of its functions under this Act.

4. The Authority shall consist of the following members  
to be appointed by the President—

Members  
of the  
Authority.

(a) an officer of the Ministry of the Minister nominated  
by such Minister;

(b) an officer of the Ministry of the Minister in charge of  
the subject of Finance nominated by such Minister  
and

(c) five other members

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Chairman  
of the  
Authority.

5. (1) The President shall nominate from amongst the members of the Authority, one member to be the Chairman of the Authority (hereinafter referred to as the "Chairman").

(2) The Chairman shall preside at all meetings of the Authority, and in his absence, the members present shall elect one of the members to preside at such meeting.

(3) If the Chairman is, by reason of illness or absence from Sri Lanka temporarily unable to perform the duties of his office, the President may appoint another member to act in his place.

(4) The President may without assigning any reason therefor, terminate the appointment of the Chairman.

(5) The Chairman may at any time resign from the office of Chairman by letter addressed to the President. Such resignation shall take effect upon it being accepted by the President in writing.

(6) Subject to the provisions of subsections (4) and (5), the term of office of the Chairman shall be his membership of the Authority.

Term of  
office of  
appointed  
members  
and their  
removal  
and  
resignation.

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

(2) Any appointed member may at any time resign his office by letter addressed to the President and such resignation shall take effect upon it being accepted by the President in writing.

(3) The President may, by Order published in the *Gazette* remove, any appointed member of the Authority from office without assigning any reason therefor and such removal shall not be questioned in any court.

(4) An appointed member who has been removed from office shall not be eligible for re-appointment as a member of the Authority or to serve the Authority in any other capacity.

(5) In the event of the vacation of office by any appointed member, the President may appoint any other person to fill such vacancy and such person shall hold office for the unassigned term of office.

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(6) Where an appointed member is temporarily unable to perform the duties of his office on account of ill-health, absence from the Republic or any other cause, the President may appoint another person to act in place of such member.

7. A person shall be disqualified from being appointed or from continuing as a member of the Authority, if he is—

- (a) a Member of Parliament or a Provincial Council or a member of a local authority; or
- (b) under any law in force in Sri Lanka or in any other country, found or declared to be of unsound mind; or
- (c) a person who, having been declared an insolvent or a bankrupt under any law in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt; or
- (d) serving or has served a sentence of imprisonment imposed by any court in Sri Lanka or any other country.

Disqualification for being appointed as members.

8. No Act or proceeding of the Authority shall be invalid by reason only of any vacancy among its members or any defect in the appointment of any member thereof.

Vacancy among members not to invalidate acts and proceedings.

9. The members of the Authority may be paid such remuneration out of the Fund of the Authority as may be determined by the Minister, with the concurrence of the President.

Remuneration of members.

10. The quorum for any meeting of the Authority shall be four members and the Authority may regulate its procedure in regard to the meetings of the Authority any transaction of business at such meetings.

Meetings and quorum at meetings of the Authority.

11. (1) The seal of the Authority shall be in the custody of such person as the Authority may decide from time to time.

Seal of the Authority.

(2) The seal of the Authority may be altered in such manner as may be determined by the Authority.

(3) The seal of the Authority shall not be affixed to any instrument or document except in the presence of the Chairman, and one other member of the Authority.

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Provided that where the Chairman is unable to be present at the time when the seal of the Authority is affixed to any instrument or document, any other member of the Authority authorized in writing by the Chairman in that behalf, shall be competent to sign such instrument or document in accordance with the preceding provisions of this subsection.

(4) The Authority shall maintain a register of the instruments and documents to which the seal of the Authority is affixed.

**OBJECTS, POWERS AND FUNCTIONS**

Objects  
of the  
Authority.

12. The objects of the Authority shall be to--

- (a) plan and implement development projects in the designated area to improve productivity foster economic development and generate income and employment opportunity ;
- (b) carry out detailed studies of the projects identified in the overall development plan for the designated area, on priority basis ;
- (c) request the Ministry of the Minister to seek foreign funding for specific projects or programmes ;
- (d) secure the co-operation of Government Departments, State Institutions, local authorities, public corporations and other persons whether private or public, in carrying out studies referred to in paragraph (b) and implementation of development projects in the designated area ; and
- (e) secure the participation of foreign and local private sector agencies, in carrying out detailed studies referred to in paragraph (b) and implementation of development projects in the designated area.

Powers,  
duties and  
functions  
of the  
Authority.

13. For the purpose of carrying out its objects, the Authority may exercise, perform and discharge all or any of the following powers, duties and functions :—

- (a) secure and obtain technical and financial assistance from local ...

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- (b) secure local and foreign collaboration for carrying out studies and implementation of special development projects in the designated area ;
- (c) require Government Ministeries, Departments and all other agencies responsible for the implementation of the projects being carried on in the designated area, to co-operate in planning and implementing such projects ;
- (d) with the concurrence of the President request Government Ministries, Departments or other authorities to take over, maintain and operate any development project commissioned by the Authority ;
- (e) establish its own departments or agencies for the purpose of any work involved in the discharge of its functions ;
- (f) carry out research relating to the economic and social development of the designated area ;
- (g) prepare and environmental impact assessment report in respect of any development projects within the designated area ;
- (h) award in accordance with the tender procedure laid down by the Government from time to time tenders for the procurement of goods and services necessary for the implementation of the development projects ;
- (i) impose or levy a charge for the services rendered by the Authority within the designated area ;
- (j) purchase, acquire, erect, maintain, reconstruct or adapt any offices, plants, machinery or other material that may become necessary for the implementation of any development project ;
- (k) implement development projects through any public or private institution or jointly by private and

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- (l) with the concurrence of the Minister incharge of the subject of Finance, to borrow, raise money or secure obligations from sources in Sri Lanka ;
- (m) acquire in any manner whatsoever and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of, any immovable property ; and
- (n) subject to the provisions of the Constitution and any other written law, do all such other acts as may be incidental or conducive to the attainment of the objects of the Authority or the exercise of its powers under this Act.

Authority to make arrangements or contracts for carrying out its functions.

14. Notwithstanding the provisions of section 13, the Authority may make arrangements or contracts with Government Departments, local authorities, public corporations and any other institutions, whether private or public including joint venturers, for the purpose of discharging its functions.

Empowering of persons to act for Authority outside Sri Lanka.

15. The Authority may with the approval of the Minister and in writing under its seal empower any person, either generally or in respect of any specific matter, to act for and on behalf of the Authority in any place outside Sri Lanka.

Special powers of Authority in respect of certain Departments or Corporations.

16. (1) Notwithstanding anything to the contrary in any other law, where the Authority considers it necessary for the purposes of this Act, the Authority may, with the approval of the President, in or in relation to designated area give special or general directions to any of the Departments or Corporations requiring any such Department or Corporation to perform such functions or duties relating to a development project as the Authority may determine.

(2) It shall be lawful for any such Department or Corporation to whom any direction is given by the Autho-

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(3) Subject to the provisions of the Constitution, Department or Corporation to which any direction is given under subsection (1) shall be subject to the supervision and control of the Authority in respect of all matters connected with such direction.

17. (1) Where any land or any interest in any land in any designated area is required by the Authority for any of its purposes, and the Minister, by Order published in the Gazette, approves of the proposed acquisition, that land or interest in any land, it 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 Authority.

Compulsory  
acquisition  
of land.

(2) In any case where any land or any interest in any land in the designated area is to be acquired under the Land Acquisition Act for any purpose of the Authority and public notice of the intention to acquire that land or interest is published as required by that Act at any time within the period of three years of the date of commencement of this Act, the following provisions shall apply for the purpose of determining the amount of compensation to be paid in respect of that land or interest, notwithstanding anything to the contrary in that Act:—

- (a) the market value of the land shall be deemed to be the market value the land would have had on the date of such Order if it then was in the same condition as it is at the time of acquisition, increased by a reasonable amount on account of *bona fide* improvements, if any, effected to such land after such date;
- (b) in ascertaining the market value of the land at the date of such Order, no account shall be taken of any benefit or increase in value which may have accrued, or any expectation of benefit or increase in value likely to accrue, directly or indirectly, from any work of development or other operation of the Authority in pursuance of this Act.

.. .. . for the acquisition

**FINANCE**

Fund  
of the  
Authority.

18. (1) The Authority shall have its own Fund. There shall be paid into the Fund—

- (a) all such sums of money as may be voted from time to time by the Parliament for the use of the Authority;
- (b) all revenue derived by the Authority from any property vested in or administered by the Authority;
- (c) all revenue derived by the Authority for services provided by the Authority;
- (d) all other donations or grants made to the Authority; and
- (e) all sums of money accruing to the credit of the Authority.

(2) There shall be paid out of the Fund, all such sums of money required to defray any expenditure incurred in the management of the affairs of the Authority and the transaction of its affairs.

(3) The Authority shall have with the approval of the President the power to make rules relating to the withdrawal of any moneys from the Fund and no sum shall be withdrawn from the Fund except in accordance with such rules.

Power of  
Authority  
to call  
upon  
public  
corporation  
&c. to  
carry out  
certain  
functions.

19. (1) Notwithstanding the provisions of any other written law to the contrary, the Authority may for the purpose of discharging any of its functions, allocate funds to any public corporation, or to any Department of Government with the approval of the Minister, and it shall be the duty of such corporation, or Department, as the case may be, to carry out the said functions, and duly account for the expenditure incurred in discharging such functions.

(2) The Authority shall be entitled to require any corporation or Department, to which funds have been allocated under subsection (1), to furnish such information as may be required by the Authority in respect of the expenditure of such funds and it shall be the duty of such corporation

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20. The financial year of the Authority shall be the calender year.

Financial year of the Authority.

21. (1) The Authority shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Authority.

Audit of Accounts.

(2) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of the accounts of the Authority.

22. Notwithstanding anything to the contrary in any other written law—

Exemption of Authority from payments of taxes.

(a) all goods of any description imported or purchased out of bond by the Authority, shall be exempt from customs duty ;

(b) the Authority shall be exempt from the payment of stamp duty on any instrument executed by, or on behalf of, or in favour of, the Authority in case where, but for this exemption the Authority would be liable to pay the duty chargeable in respect of such instrument.

23. (1) The Government is hereby authorized to guarantee, on such terms and conditions as the Government may determine, loans raised by the Authority from any local, international or foreign organization approved by the President. The loans authorized to be guaranteed under this subsection may be denominated in foreign currency.

Borrowing of the Authority and Government Guarantee.

(2) All such sums payable by the Government under any guarantee given under subsection (1), are hereby charged on the Consolidated Fund.

(3) All sums payable by the Authority in respect of principal, interest and other charges on any loan to the Authority from any international or foreign organization approved by the President under any guarantee given under subsection (1) in respect of such a loan, may

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- (a) without deduction for, and free from, any taxes, duties or fees imposed by or under any law of Sri Lanka ; and
- (b) free from all restrictions imposed by or under any law of Sri Lanka :

Provided, however, that the preceding provisions of this subsection shall not apply to any taxes, duties, fees or restrictions upon payments under any bond or promissory note to a holder thereof other than any international or foreign organization, when such bond or promissory note is beneficially owned by a person resident in Sri Lanka.

(4) For the purposes of subsection (3), the question whether a person is or is not resident in Sri Lanka shall be determined in accordance with the provisions of the Inland Revenue Act, No. 28 of 1979.

(5) Every guarantee agreement between the Government and any international or foreign organization pursuant to this Act and every guarantee given by the Government pursuant to any such guarantee agreement shall, notwithstanding anything to the contrary in any law of Sri Lanka, be valid and enforceable in accordance with their respective terms.

(6) In the case of any loan made to the Authority by any international or foreign organization approved by the President and guaranteed by the Government, the Government shall bear any loss and be entitled to any profit, resulting from any revaluation of the rupee in relation to the currency or currencies in which that loan is expressed and the amount of every such loss is hereby charged to the Consolidated Fund.

(7) The President or any person authorized in that behalf by the President, by instrument under his hand is hereby empowered on behalf of the Government to sign any guarantee agreement between the Government and any local, international or foreign organization.

STAFF OF THE AUTHORITY

24. (1) The Chairman shall be the Director-General of the Authority, and shall be its chief executive officer. Director-General.

(2) The Director-General shall, subject to the general direction and control of the Authority, be charged with the direction of the affairs and transactions of the Authority, the exercise, discharge and performance of its powers, functions and duties, and the administration and control of the officers and servants of the Authority.

(3) The Director-General may, with the approval of the Authority, whenever he considers it necessary to do so, delegate to any officer or servant any powers, function or duty conferred or imposed on, or assigned to, him by this Act and such officer or servant shall exercise, discharge and perform such powers, function or duty subject to the general or special directions of the Director-General.

25. (1) The Authority may appoint such officers and servants as it considers necessary for the efficient discharge of its functions. Staff of the Authority.

(2) The officers and servants appointed under subsection (1) shall be remunerated in such manner and at such rates and shall be subject to such conditions of service as may be determined by the Authority with the approval of the President.

(3) At the request of the Authority any officer in the public service may, with the consent of the officer and the Secretary to the Ministry of the Minister in charge of the subject of Public Administration, be temporarily appointed to the Authority for such period as may be determined by the Authority with like consent, or be permanently appointed to such staff.

(4) Where any officer in the public service is temporarily appointed to the staff of the Authority, 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.

(5) Where any officer in the public service is permanently appointed to the staff of the Authority, the provisions of subsection (3) of section 14 of the National

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(6) Where the Authority employs any person who has agreed to serve the Government for a specified period, any period of service to the Authority by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.

(7) At the request of the Authority, any member of the Local Government Service or any other officer or servant of a local authority, may, with the consent of such member, officer or servant and the Local Government Service Commission, or the local authority, as the case may be, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority with like consent or be permanently appointed to such staff on such terms and conditions including those relating to pension or provident fund rights as may be agreed upon by the Authority and the Local Government Service Commission or that local authority.

(8) Where any member of the Local Government Service or any officer or servant of any local authority is appointed temporarily under subsection (7) to the staff of the Authority, he shall be subject to the same disciplinary control as any other member of such staff.

Appointment  
of officers  
and servants  
of public  
corporations  
to the  
staff  
of the  
Authority.

26. (1) At the request of the Authority any officer or servant of a public corporation may, with the consent of such officer or servant and the governing board of such corporation, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority with like consent or with like consent be permanently appointed to the staff of the Authority on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Authority and the governing board of such corporation.

(2) Where any person is appointed whether temporarily or permanently under subsection (1) to the staff of the Authority, he shall be subject to the same disciplinary control as any other member of the staff.

(3) For the purpose of this section "governing board" in relation to a public corporation means the Board of Directors or other body in which the administration and management of that public corporation has been vested

GENERAL

27. (1) The Authority may, subject to such conditions as may be specified in writing, delegate to a member or to the chairman, any power, duty or function conferred or imposed on, or assigned to, the Authority.

Delegation of powers &c. of the Authority.

(2) Notwithstanding any such delegation, the Authority may exercise, perform or discharge any such power, duty or function.

28. The Authority shall take all such measures as may be necessary to ensure that any financial assistance rendered by the Authority to any person in carrying out a development project in the designated area is utilized for the purpose for which it is given.

Authority to ensure that financial assistance given for carrying out development projects is utilized for same.

29. The Authority shall not make an investment in or otherwise transact business with an enterprise of which a member of the Authority is a partner, director or shareholder or is in any other way directly or indirectly interested, unless the transaction is approved by the Minister.

Authority not to transact business with enterprises in which a member has interest, unless approved by the Minister.

30. The Minister may order all or any of the activities of the Authority to be investigated and reported upon by such person or persons as he may specify and upon such order being made, the Authority shall afford all such facilities as may be necessary to carry out such order.

Powers of Minister to order investigations upon activities.

31. (1) The Minister may in consultation with the Authority, give to the Authority in writing, general or special directions as to the performance of the duties and the exercise of the powers of the Authority and the Authority shall carry out such directions.

Directions of the Minister.

(2) The Minister may from time to time, direct the Authority in writing to furnish to him in such form as he may require, returns, accounts and other information with respect to the property and activities of the Authority and

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Authority deemed to be scheduled Institution within the meaning of the Bribery Act.

32. The Authority shall be deemed to be a scheduled institution within the meaning of the Bribery Act and the provisions of that Act, shall be construed accordingly.

Members, officers and servants of Authority &c. to be deemed public servants.

33. All members, officers, and servants of the Authority shall be deemed to be public servants within the meaning and for the purposes of the Penal Code.

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

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

(a) against the Authority for any act which in good faith is done or purported to be done by the Authority under this Act ; or

(b) against any member, officer, servant or agent of the Authority for any act which in good faith is done or is purported to be done by him under this Act or on the direction of the Authority.

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

(3) Any expense incurred by any such person as is referred to in paragraph (b) of subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or is purported to be done by him under this Act or on the direction of the Authority shall if the court holds that such act is done in good faith, be paid, out of the Fund of the Authority, unless such expenses is recovered by him in such suit or prosecution.

Regulations.

35. (1) The Minister may in consultation with the Authority, make regulations in respect of matters required by this Act to be prescribed or in respect of which regulations are authorized to be made.

(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 and shall be as valid and effectual as if it were herein enacted.

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(3) Every regulation shall as soon as it is convenient 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 disapproval but without prejudice to any thing previously done thereunder.

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

36. (1) The Authority may make rules in respect of all matters for which rules are required or authorized to be made. Rules.

(2) Every rule made by the Authority shall be approved by the Minister and 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 therein.

37. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

38. In this Act, unless the context otherwise requires— Interpretation.

“development project” means any activity whether public or private which generated production, income, employment or improves economic, social or environmental conditions of the designated area ;

“environmental impact assessment report” shall have the same meaning as is assigned to it by the National Environmental Act, No. 47 of 1980.

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

SCHEDULE DESIGNATED AREA

