PARLIAMENT OF THE DEMOCRATIC

SOCIALIST REPUBLIC OF

SRI LANKA

DIVINEGUMA ACT, No. 1 OF 2013

[Certified on 11th January, 2013]

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L.D.—O. 13/2012.

ANACT TO PROVIDE FOR THE ESTABLISHMENT OF ADEPARTMENT 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 ORGANIZATIONSAT RURAL LEVEL

AND TO PROVIDE FOR A CO-ORDINATING NETWORK AT THE DISTRICT

LEVELANDNATIONAL LEVEL; TOESTABLISH 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 Preamble.

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:

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, Short title and

No 1 of 2013, and the provisions of this Act other than date of operation.

this section, shall come into operation on such date as the

Minister may appoint by Order published in the Gazette

2—PL005889—4,190 (08/2012)

2 Divineguma Act, No. 1 of 2013

(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

DEVELOPMENTDEPARTMENT

Establishment 2. There shall be established for the purpose of this Act,

of Divineguma

a government department called the Divineguma

Development

Department. Development Department (in this Act referred to as the

"Department").

Director- 3. (1) There shall be appointed a Director-General of the

General and Department (in this Act referred to as the "Director-General")

other officers

and servants of and such other officers and servants as may be required from

the Department. 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 4. The objects of the Department shall be:-

Department.

(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;

Divineguma Act, No. 1 of 2013 3

(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 Powers of the

have the power:- 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;

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(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

Divineguma Act, No. 1 of 2013 5

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 devineguma beneficiaries;

(c) to promote marketing activities;

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(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

benificiaries in the planning and management of

projects and schemes for their economic upliftment;

(k) to facilitate the providing of services to divineguma

beneficiries 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 7. (1) There shall be established a Divineguma National

National Council to assist, under the superintendence of the Secretary

Council. 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.

Divineguma Act, No. 1 of 2013 7

(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 Minister to

Gazette establish, for the purpose of ensuring the effective establish

and proper implementation of the provisions of this Act, administrative

zones.

administrative zones integrating administrative activities

of two or more districts, covering the entire island.

(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 Establishment of

division or for a portion of a Grama Niladari division or for divineguma

community

several Grama Niladari divisions as may be specified by the

based

Minister by Order published in the Gazette, divineguma organizations.

community based organizations with the voluntary

participation of divineguma beneficiaries.

8 Divineguma Act, No. 1 of 2013

Objects of the 10. The objects of the divineguma community based

divineguma

organizations shall be:–

community

based

(a) to improve the social and economic conditions of

organizations.

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.

Divineguma Act, No. 1 of 2013 9

11. The powers of the divineguma community based Powers of the

organizations, subject to the direction and supervision of divineguma

community

the Department, shall be:–

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

progarmmes 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;

10 Divineguma Act, No. 1 of 2013

(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 12. The functions of divineguma community based

divineguma organizations shall be:—

community

based (a) to encourage and provide guidance to its members

organizations. 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.

Divineguma Act, No. 1 of 2013 11

13. The funds of divineguma community based Maintenance of

organizations shall be deposited and maintained in a funds of

divineguma

divineguma community based bank in accordance with such community

regulations as may be prescribed by the Minister. based

organizations.

14. Where a divineguma community based Appointment of

organization is not functional in the accomplishment of its an officer to

perform the

objects, the Director- General shall, in consultation with the

functions of

devineguma regional organization to which such defunct divineguma

divineguma community based organization belongs, cause community

such defunct divineguma community based organization to based

be merged with the nearest functional divineguma organizations.

community based organization or appoint an officer of the

Department to perform the functions of such organization

without interruption.

PART III

DIVINEGUMA REGIONAL ORGANIZATIONS

15. (1) There shall be established such number of Establishment of

divineguma regional organizations as may be necessary, divineguma

regional

comprising of not less than five divienguma community

organizations.

based organizations for the purpose of supervising,

monitoring and evaluating the functions of such

organisations at regional level.

(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.

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(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 16. The objects of every divineguma regional

divineguma organization, under the guidance and supervision of the

regional

Department, shall be:—

organizations.

(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 17. Each divineguma regional organization shall,

divineguma under the guidance and supervision of the Department, have

regional

organizations. the power:—

(a) to carry out such studies as may be necessary and

collect information, in respect of economic and

Divineguma Act, No. 1 of 2013 13

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 Minster;

14 Divineguma Act, No. 1 of 2013

(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

diveneguma 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 18. The functions of the divineguma regional

divineguma organization, under the guidance and supervision of the

regional

Department, shall be:—

organizations.

(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;

Divineguma Act, No. 1 of 2013 15

(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 diveneguma

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 Establishment of

Act, divineguma district committees representing all divineguma

district

divineguma regional organizations functional within a committees.

district.

(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;

16 Divineguma Act, No. 1 of 2013

(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 20. The objects of a divineguma district committee,

divineguma under the guidance and supervision of the Depatment,

district

committees. 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 21. The powers of each divineguma district committee

divineguma shall be:—

district

committees.

(a) to convene and conduct committee meetings once

in every three months;

Divineguma Act, No. 1 of 2013 17

(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 Functions of

shall be:- 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 Establishment of

Federation consisting of representatives of all divineguma the Divineguma

National

community based organizations. The Minister shall preside

Federation.

at every meeting of the Divineguma National Federation.

18 Divineguma Act, No. 1 of 2013

Object of the 24. The object of the Divineguma National Federation

Divineguma shall be to consider proposals and views needed for national

National

policy planning, co-ordination of divineguma development

Federation.

programme at national level and provide leadership for the

implementation of divineguma development programme.

PART VI

DIVINEGUMA COMMUNITY BASED BANKS

Establishment of 25. (1) There shall be established divineguma

divineguma community based banks for each such area covering the

community

area of authority of one or more divineguma community

based banks.

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 26. The objects of the divineguma community based

divineguma banks shall be :–

community

based banks.

(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.

Divineguma Act, No. 1 of 2013 19

27. Every divineguma community based bank shall Powers of

have the power :– 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 Functions of

banks shall be :– divineguma

community

(a) to motivate divineguma beneficiaries to save; based banks.

(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.

20 Divineguma Act, No. 1 of 2013

PART VII

DIVINEGUMA COMMUNITY BASED BANKING SOCIETIES

Establishment of 29. (1) There shall be established for the purposes of

divineguma this Act, divineguma community based banking societies

community

comprising of all divineguma community based banks within

based banking

societies. 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 30. The objects of divineguma community based banking

divineguma societies shall be :–

community

based banking (a) to set up a viable regional banking network co-

societies.

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 31. The divineguma community based banking

divineguma societies shall have the power:–

community

based banking

societies. (a) to accept deposits of the divineguma community

based banks ;

(b) to invest its funds, grant credit facilities and disburse

profits;

Divineguma Act, No. 1 of 2013 21

(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 Functions of

banking societies shall be:— divineguma

community

(a) to collect the deposits maintained by divineguma based banking

community based banks and manage the same; societies.

(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.

33. (1) The Minister shall appoint for the purpose of Board of

the supervision and regulation of the financial activities of Management of

divineguma

the divineguma community based banks and divineguma

community

community based banking societies, a Board of based banks and

Management of the Divineguma Community Based Banks divineguma

and Divineguma Community Based Banking Societies (in community

this Act referred to as the "Board of management"). 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;

22 Divineguma Act, No. 1 of 2013

(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 provisons 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.

Divineguma Act, No. 1 of 2013 23

(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 Divineguma

Act, a Divineguma Community Based Banking Union Community

Based Banking

consisting of all Divineguma community based Banks and Union.

divineguma community based banking socities.

35. The provisions of the Banking Act, No.30 of 1988 Finance Business

and the Finance Business Act, No.42 of 2011 shall not apply Act, No.42 of

2011and

in respect of banks and banking societies established under Banking Act,

the provisions of this 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 Divineguma

Act, a fund called "Divineguma Development Fund". There Development

Fund.

shall be credited to such Fund all such sums of money as

may be provided from time to time by the Government :–

(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.

24 Divineguma Act, No. 1 of 2013

(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 37. (1) There shall be established for the purpose of

Revolving Fund. 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 38. The District Secretary of each district shall function

Secretaries to be as an Additional Director-General of the Department in

Additional

Director- respect of the respective district.

General.

Declaration of 39. The Director-General, Additional Directors-General,

Secrecy. 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.

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40. (1) For the purposes of enabling the Department to Returns and

exercise and discharge any of its powers and functions under Information.

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.

(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 Offences.

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.

42. (1) The Minister may make regulations for the Regulations.

matters required by this Act to be prescribed and for matters

in respect of which regulations are authorized to be made.

26 Divineguma Act, No. 1 of 2013

(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 orgnizations and

matters connected with such constitution and

administrative structure;

(b) the constitution and administrative structure of

the divineguma regional orgnizations 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 diveneguma community

based banks;

Divineguma Act, No. 1 of 2013 27

(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.

28 Divineguma Act, No. 1 of 2013

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

44. The Samurdhi Development Authority Act, No.30

Samurdhi

Development of 1995, the Southern Development Authority Act, No.18 of

Authority Act, 1996 and the Udarata Development Authority Act, No.26 of

No.30 of 1995, 2005 are hereby repealed. Notwithstanding the repeal of

the Southern the aforesaid Acts:-

Development

Authority Act,

(a) all activities carried out by the Commissioner-

No.18 of 1996

and the Udarata General under the repealed Samurdhi Development

Development Authority Act, No. 30 of 1995, in the

Authority Act, implementation of the poverty alleviation

No.26 of 2005 programmes and other programmes of the

and savings.

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

Authoirty established under the repealed Acts

(hereinafter reffered 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

Divineguma Act, No. 1 of 2013 29

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;

30 Divineguma Act, No. 1 of 2013

(iii) where such of 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

Departmeant. 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 ;

Divineguma Act, No. 1 of 2013 31

(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 liabilites 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 Trusts and funds

or under the Samurdhi Development Authority of Sri Lanka under the

repealed Acts to

established under the repealed Act, No. 30 of 1995, Southern

be deemed to be

Development Authority of Sri Lanka established under the trusts and funds

repealed Act, No. 18 of 1996, Udarata Development under this Act.

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.

32 Divineguma Act, No. 1 of 2013

This Act to 46. In the event of any conflict or inconsistency

prevail over between the provisions of this Act and the provisions of any

other written

other written law, the provisions of this Act shall prevail.

law.

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 48. In the event of any inconsistency between the

prevail in case Sinhala and Tamil texts of this Act, the Sinhala text shall

of inconsistency.

prevail.

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