

CHAPTER 268

STATE AGRICULTURAL CORPORATIONS

Acts Nos. 11 of 1972, 20 of 1980.

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A CORPORATION OR CORPORATIONS FOR THE PLANNING, CO-ORDINATION AND DEVELOPMENT OF AGRICULTURAL UNDERTAKINGS, TO REGULATE THE POWERS AND DUTIES OF SUCH CORPORATION OR CORPORATIONS AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

[18 th March. 1972.]

Short title.

1. This Act may be cited as the State Agricultural Corporations Act.

being not less than three and not more than seven;

PART I

ESTABLISHMENT OF CORPORATIONS AND THEIR POWERS AND DUTIES

Establishment of Corporations.

2. (1) Where the Minister considers it necessary that a Corporation should be established for the purposes of the planning, promotion, co-ordination or development of any agricultural undertaking, the Minister may, with the concurrence of the Minister in charge of the subject of Planning and the Minister in charge of the subject of Finance, by Order (hereinafter referred to as the "Incorporation Order") published in the Gazette,—

(vii) appoint the members of the Board in accordance with the provisions of this Act;

(viii) appoint the Chairman of such Board in accordance with such provisions; and

(ix) appoint the Deputy Chairman of such Board in accordance with such provisions. [§ 2,20 of 1980-]

(i) specify the agricultural undertaking to which the Order relates ;

(ii) declare that a corporation shall be established for such purposes as may be deemed necessary ;

(iii) assign a corporate name to the Corporation and specify its objects ;

(iv) specify the initial capital of the Corporation;

(v) state the principal business of the Corporation;

(vi) fix the number of members of the Board of Directors of the Corporation, the number so fixed

(2) Upon the publication of the Incorporation Order in the Gazette, a Corporation (hereinafter referred to as the "Corporation ") consisting of the persons who are for the time being members thereof by virtue of section 9, with the corporate name specified in such Order, and with perpetual succession, shall be deemed to have been established.

(3) The Corporation may sue and be sued in its corporate name.

3. The objects of the Corporation shall be those specified in the Incorporation Order. Objects of the Corporation.

4. The principal place of business of the Corporation shall be that specified in the Incorporation Order: Principal place of business of the Corporation.

Provided, however, that the Minister may authorize the establishment of such branch offices of the Corporation as may be deemed necessary.

General powers
of the
Corporation.

5. (1) The Corporation shall have power to do anything necessary for or conducive or incidental to the carrying out of its objects.

(2) Without prejudice to the generality of the powers conferred by any other provisions of this Act, the Corporation shall have power—

- (a) to acquire in any manner whatsoever and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of, any immovable or movable property;
- (b) to appoint, employ, remunerate and control its officers, servants and agents and to direct and decide all matters connected with the administration of its affairs ;
- (c) to establish, maintain and provide welfare and recreational facilities, houses, hostels and other like accommodation, for the persons employed by or serving the Corporation;
- (d) to enter into and perform, either directly or indirectly, through any member, officer, servant or agent of the Corporation all such contracts or agreements as may be necessary for the exercise of the powers and the carrying out of the objects of the Corporation;
- (e) to make rules in relation to its officers and servants including their appointment, promotion, remuneration, disciplinary control and grant of leave and in respect of the administration of the affairs of the Corporation;
- (f) to delegate to any member, officer, servant or agent of the Corporation any such function of the Corporation as the Corporation may consider necessary so to delegate for the efficient transaction of business;
- (g) to do anything necessary for the purpose of advancing the skill of persons employed by the

Corporation, or the efficiency of the equipment of the Corporation, or the manner in which that equipment is operated, including the provision by the Corporation, and the assistance of the provision by others, of facilities for training persons required to carry out the work of the Corporation;

- (h) to formulate schemes to give effect to the objects of the Corporation;
- (i) to receive and disburse moneys for the accomplishment of the objects for which it is established ; and
- (j) to do other things which, in the opinion of the Corporation, are necessary to facilitate the proper carrying out of its objects.

6. (1) The Minister may, after consultation with the Board of Directors, give such Board general or special directions in writing as to the exercise of the powers of the Corporation, and the Board shall give effect to such directions.

Powers of the
Minister.

(2) The Minister may, from time to time, direct in writing the Board of Directors to furnish to him, in such form as he may require, returns, accounts and other information with respect to the property and business of the Corporation, and such Board shall carry out every such direction.

(3) The Minister may, from time to time, order all or any of the activities of the Corporation to be investigated and reported upon by such person or persons as he may specify, and upon such order being made, the Board of Directors, any member, officer, servant or agent of the Corporation shall afford all such facilities, and furnish all such information, to such person or persons as may be necessary to carry out the order.

7. (1) The Corporation shall have a common seal which shall be in the custody of such person as the Board of Directors may, from time to time, determine.

Seal of the
Corporation.

(2) The seal of the Corporation shall not be affixed to any instrument or document except in the presence of two members of

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the Board of Directors, both of whom shall sign the instrument or document in token of their presence.

(3) The Board of Directors shall maintain a register of the instruments or documents to which the seal of the Corporation is affixed.

(4) The seal of the Corporation may be altered in such manner as may be determined by the Board of Directors.

General control of the Corporation and exercise of its powers.

8. (1) Subject to the provisions of this Act—

(a) the general supervision, control and administration of the affairs and business of the Corporation shall be vested in the Board of Directors; and

(b) such Board may exercise all the powers and perform all the duties and functions of the Corporation for the purpose of carrying out the objects of the Corporation.

(2) The Board of Directors may delegate to any Director, or to any officer, servant or agent of the Corporation, any of the powers, duties or functions of such Board, and such delegate shall exercise such powers, perform such duties or discharge such functions subject to the special or general directions of such Board.

Members of the Corporation.

9. The persons holding office for the time being as members of the Board of Directors shall be the members of the Corporation.

Board of Directors.

10. (1) The Corporation shall have a Board of Directors consisting of such number of persons as is fixed by the Incorporation Order and appointed by the Minister.

[§ 3, 20 of 1980.]

(2) The Minister shall appoint a Chairman and may appoint a Deputy Chairman of the Board of Directors from among the Directors.

(3) Every Director shall, subject to the provisions of subsection (8), hold office for a period of three years from the date of appointment:

Provided that a Director appointed in place of a Director who dies or resigns or otherwise vacates office shall, unless he earlier resigns, dies or otherwise vacates office, hold office for the unexpired part of the term of office of the Director whom he succeeds.

(4) Any Director may resign from the Board of Directors by letter addressed to the Minister.

(5) Any Director may be removed from office by the Minister without assigning a reason, and such removal shall not be called in question in any court nor shall such Director be entitled to any compensation for any loss or damage suffered by him, by reason of such removal.

(6) When a Director becomes by reason of illness or other infirmity or absence from Sri Lanka temporarily unable to perform the duties of his office, the Minister may appoint another person to act as Director in his place.

(7) A Director shall vacate office by death, removal, resignation or effluxion of time.

(8) Any Director shall be eligible for reappointment.

11. A person shall be disqualified for being appointed or for continuing as a Director—

Disqualification for appointment as Directors.

(a) if he is a Member of Parliament; or

(b) if he directly or indirectly by himself or by any other person on his behalf or for his use or benefit holds or enjoys any right or benefit under any contract made by or on behalf of the Corporation except as a shareholder (other than a Director) in any incorporated company; or

(c) if he directly or indirectly by himself or by any other person on his behalf has any interest or derives any benefit in or from any work being done for the Corporation except as a shareholder (other than a Director) in any incorporated company; or

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(d) if he becomes bankrupt or is adjudicated an insolvent.

Remuneration of Directors.

12. All or any of the Directors may be paid such remuneration, out of the funds of the Corporation, as may be determined by the Minister, with the concurrence of the Minister in charge of the subject of Finance.

Director to disclose interest in contract proposed to be made by the Corporation.

13. A Director who is directly or indirectly interested in a contract proposed to be made by the Corporation shall disclose the nature of his interest at a meeting of the Board of Directors. The disclosure shall be recorded in the minutes of such Board, and that Director shall not take part in any deliberation or decision of such Board with respect to such contract.

Quorum for any meeting of the Board of Directors.

14. The quorum for any meeting of the Board of Directors shall be such number as may be determined by the Minister and, subject to the provisions of this Act, such Board may regulate the procedure in regard to the meetings of such Board and the transaction of business at such meetings.

Board of Directors may act despite vacancy.

15. No act or proceeding of the Board of Directors shall be invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Chairman and Deputy Chairman of Board of Directors. [§ 4, 20 of 1980.]

16. The term of office of the Chairman or the Deputy Chairman of the Board of Directors shall be the period of his membership of such Board :

Provided, however, that the Chairman or the Deputy Chairman may earlier resign his office by letter addressed to the Minister, or the Minister may at any time, without assigning a reason, terminate the appointment of the Chairman or the Deputy Chairman.

Presidency at meetings. [§ 5, 20 of 1980.]

17. (1) The Chairman of the Board of Directors shall preside at every meeting of the Board at which he is present. In the absence of the Chairman from any meeting of such Board, the Deputy Chairman of the Board of Directors, or in the absence of the Deputy Chairman, or where no Deputy Chairman has been appointed, a Director chosen by the majority of the Directors present shall preside at such meeting.

(2) The Chairman of any meeting of the Board of Directors shall, in addition to his own vote, have a casting vote.

18. (1) the Board of Directors shall, with the prior approval of the Minister, appoint to the staff of the Corporation a General Manager.

General Manager.

(2) The appointment of a person as General Manager of the Corporation shall not be terminated, except with the prior approval of the Minister.

19. (1) At the request of the Board of Directors, any officer in the public service may, with the consent of that officer and of the Secretary to the Ministry charged with the subject of Public Administration, be temporarily appointed to the staff of the Corporation for such period as may be determined by the Board with like consent or be permanently appointed to such staff.

Appointment of public officers to the staff of the Corporation.

(2) Where any officer in the public service is temporarily appointed to the staff of the Corporation, the provisions of subsection (2) of section 9 of the Motor Transport Act, No. 48 of 1957," shall, *mutatis mutandis*, apply to and in relation to him.

(3) Where any officer in the public service is permanently appointed to the staff of the Corporation, the provisions of subsection (3) of section 9 of the Motor Transport Act, No. 48 of 1957," shall, *mutatis mutandis*, apply to and in relation to him.

(4) Where the Corporation employs any person who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service to the Corporation by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such contract.

(5) At the request of the Board of Directors, any member of the Local Government Service or any officer or servant of any local authority may, with the consent of such member or officer or servant and the Local Government Service Advisory Board or that authority, as the case may be, be temporarily appointed to the

* Repealed by Law No. 19 of 1978.

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staff of the Corporation for such period as may be determined by the Board 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 Board and the Local Government Service Advisory Board or authority.

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

(7) (a) Where two or more Corporations have been established under this Act, any officer or servant of any such Corporation may, with the consent of such officer or servant and the Board of Directors of such Corporation, be temporarily or permanently appointed to the staff of any other such Corporation on such terms and conditions, including those relating to provident fund rights, as may be agreed upon by the Board of Directors of the two Corporations in question.

(b) Where any person is appointed whether temporarily or permanently under paragraph (a) of this subsection to the staff of any Corporation established under this Act, he shall be subject to the same disciplinary control as any other member of such staff.

Officers and servants of the Corporation deemed to be public servants.

20. All officers and servants of the Corporation shall be deemed to be public servants within the meaning and for the purposes of the Penal Code.

Corporation deemed to be a scheduled institution within the meaning of the Bribery Act.

21. The Corporation 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.

PART II

FINANCE AND ACCOUNTS

Capital of the Corporation.

22. (1) The capital of the Corporation shall be that specified in the Incorporation Order and such capital shall consist of

grants or loans given or made available by the Government on such terms and conditions as may be determined by the Minister in charge of the subject of Finance.

(2) The amount of the initial capital of the Corporation shall be paid or made available to the Corporation in such instalments as the Minister in charge of the subject of Finance may in consultation with the Minister determine.

(3) The capital of the Corporation may be increased from time to time by such amount as may be authorized by any Appropriation Act or by resolution of Parliament, and that amount shall be paid or made available to the Corporation by the Government by way of grant or loan on such terms and conditions as may be determined by the Minister in charge of the subject of Finance.

23. The provisions of the Public Corporations (Financial Control) Act shall, *mutatis mutandis*, apply to the financial control and accounts of the Corporation.

Application of the provisions of the Public Corporations (Financial Control) Act.

24. The Financial year of the Corporation shall be the calendar year.

Financial year of the Corporation.

PART III

GENERAL

25. (1) Where any immovable property is required to be acquired for any purpose of the Corporation and the Minister, by Order published in the Gazette, approves of the proposed acquisition, that property 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 Corporation.

Acquisition of immovable property under the Land Acquisition Act for the Corporation.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act for the Corporation shall be paid by the Corporation.

26. (1) Where any immovable property of the State is required for the purpose of the Corporation such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made

State property both movable and immovable to be made available to the Corporation.

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under section 6 of the State Lands Ordinance, and accordingly the provisions of that Ordinance shall apply to a special grant or lease of such property to the Corporation.

(2) Where any movable property of the State is required for the purpose of the Corporation, the Minister may, by Order published in the Gazette, transfer to and vest in the Corporation the possession and use of such movable property.

27. Where the Minister is not satisfied with the financial position of the Corporation or the manner in which the affairs of the Corporation are being carried on, the Minister may, by Order published in the Gazette, dissolve the Corporation and appoint one or more persons to be the liquidator or liquidators of the Corporation.

28. The liquidator appointed under section 27 shall, subject to the directions of the Minister, have power to—

- (a) decide any questions of priority which arise between the creditors ;
- (b) compromise any claim by or against the Corporation with the sanction of the Minister previously obtained;
- (c) take possession of the books, documents, and assets of the Corporation;
- (d) sell the property of the Corporation with the previous sanction of the Minister; and
- (e) arrange for the distribution of the assets of the Corporation in a manner set out in a scheme of distribution approved by the Minister.

29. (1) In the liquidation of the Corporation, the funds of the Corporation, including the General Reserve, shall be applied first to the cost of liquidation and then to the discharge of the liabilities of the Corporation.

(2) When the liquidation of the Corporation has been closed, a notice of

liquidation shall be published in the Gazette and no action in respect of any claim against the Corporation shall be maintainable, unless it is commenced within two years from the date of the publication of such notice in the Gazette.

(3) Any surplus remaining after the application of funds to the purposes specified in subsection (1) and the payment of any claim for which an action has been instituted under subsection (2) shall be credited to the Consolidated Fund.

30. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act.

(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of all or any of the following matters:—

- (a) any matter in respect of which regulations are authorized by this Act to be made ; and
- (b) the prevention of theft of, or damage to, or the commission of nuisances on, any property used by the Corporation, and the imposition of penalties on, and the recovery of compensation from, persons responsible for such theft, damage or nuisance.

(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, as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder.

(5) Any person who contravenes any regulation made under this Act shall be guilty of an offence under this Act, and shall, on conviction after summary trial

Dissolution of the Corporation.

Liquidator's powers.

Regulations.

Closure of liquidation.

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before a Magistrate, be liable to imprisonment of either description for a period not exceeding six months or to a fine not exceeding one thousand rupees, or to both such imprisonment and fine.

Powers of companies, &c., to enter into contracts with the Corporation.

31. Any company or other body of persons may, notwithstanding anything to the contrary in any written law or instrument relating to its functions, enter into, and perform or carry out, all such contracts and agreements with the Corporation as may be necessary for the exercise of the powers of the Corporation.

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

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

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

(b) against any member, officer, servant or agent of the Corporation 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 Board of Directors.

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

(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 Board of Directors shall, if the court holds that such act was done in good faith, be paid out of the funds of the Corporation, unless such expense is recovered by him in such suit or prosecution.

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

" agricultural undertaking " means an undertaking for the purposes of the import, purchase, production, processing, distribution, export, sale and promotion of any agricultural, horticultural or any animal produce, or any undertaking for the purpose of rearing livestock or poultry or any undertaking incidental to, or connected with or conducive to, any undertaking herein mentioned, and includes a State farm, a collective farm or a co-operative farm;

" Board of Directors " means the Board of Directors of the Corporation;

" Director " means a member of the Board of Directors;

" immovable property " means land and includes any interest in, or any benefit arising out of, any land, and any leasehold or other interest held by any person in any land, and also things attached to the earth or permanently fastened to anything attached to the earth ;

" local authority " includes any Municipal Council, Urban Council, Town Council or Village Council.