



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

**ECONOMIC TRANSFORMATION
ACT, No. 45 OF 2024**

[Certified on 09th of August, 2024]

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*Economic Transformation
Act, No. 45 of 2024*

[Certified on 09th of August, 2024]

L.D.—O. 21/2024

AN ACT TO PROVIDE FOR THE NATIONAL POLICY ON ECONOMIC TRANSFORMATION AND FOR THE ESTABLISHMENT OF THE ECONOMIC COMMISSION OF SRI LANKA, INVESTMENT ZONES SRI LANKA, OFFICE FOR INTERNATIONAL TRADE, NATIONAL PRODUCTIVITY COMMISSION, AND SRI LANKA INSTITUTE OF ECONOMICS AND INTERNATIONAL TRADE; FOR THE REPEAL OF THE BOARD OF INVESTMENT OF SRI LANKA LAW, NO. 4 OF 1978 AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS the global economic landscape is rapidly evolving, characterised by technological advancements, shifting demographics, and emerging environmental challenges:

Preamble

AND WHEREAS acknowledging the interconnectedness of national economies and the importance of international cooperation in addressing shared economic challenges:

AND WHEREAS economic transformation is vital for fostering sustainable development, enhancing prosperity, boosting productivity, promoting social progress and ensuring equitable opportunities for all citizens:

AND WHEREAS understanding the role of the Government of Sri Lanka in creating an enabling environment for economic transformation, including through targeted interventions, investment in infrastructure, and the provision of essential public services:

AND WHEREAS acknowledging the crucial role of investment in driving economic growth, creating employment opportunities, and fostering innovation and technological advancement:

AND WHEREAS affirming Sri Lanka's commitment to fostering a transparent, inclusive, and rules-based system that promotes fair and equitable treatment of investors, both domestic and foreign:

AND WHEREAS recognizing the significance of international trade as a catalyst for economic development, promoting competitiveness, and facilitating the integration of economies into the global marketplace:

AND WHEREAS understanding the imperative need to enact legislation that provides a conducive environment for investment, expanded trade opportunities, negotiates trade agreements, and facilitates export-import activities to stimulate economic growth:

AND WHEREAS reaffirming Sri Lanka's commitment to international cooperation and collaboration to address global challenges and harness opportunities for mutual benefit:

AND WHEREAS considering the objectives of the Democratic Socialist Society as provided in subparagraphs (c) and (d) of paragraph (2) of Article 27 of the Constitution:

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

Short title and
date of
operation

1. (1) This Act may be cited as the Economic Transformation Act, No. 45 of 2024.

(2) The provisions of this Act other than the provisions of Part II, Part III and section 193 shall come into operation on the date on which certificate of the Speaker is endorsed in respect of this Act in terms of Article 79 of the Constitution.

(3) The provisions of Part II, Part III and section 193 shall come into operation on such date as the Minister may appoint by Order published in *Gazette*, which shall be a date within three months from date of the certificate of the Speaker referred to in subsection (2) (hereinafter referred to as the "appointed date").

PART I

CHAPTER I

NATIONAL POLICY ON ECONOMIC TRANSFORMATION

- 2.** The objects of the National Policy on Economic Transformation shall be-
- Objects of the National Policy on Economic Transformation
- (a) to make realisation by all citizens of an adequate standard of living for themselves and their families, including adequate food, clothing and housing, the continuous improvement of living conditions and the full enjoyment of leisure and social and cultural opportunities;
 - (b) to create rapid development of the whole country by means of public and private economic activity and by laws prescribing such planning and controls as may be expedient for directing and coordinating such public and private economic activity towards social objectives and the public weal; and
 - (c) to avoid an economic crisis.
- 3. (1)** The National Policy on Economic Transformation shall provide for-
- National Policy on Economic Transformation
- (a) the restructuring of the debt owed by the Government, that the-
 - (i) Public Debt to Gross Domestic Production ratio shall be below ninety-five *per centum* by the year 2032 and thereafter;
 - (ii) Central Government Annual Gross Financing Needs to Gross Domestic Production ratio shall be below thirteen *per centum* by the year 2032 and thereafter; and

- (iii) Central Government Annual Debt Service in Foreign Currency to Gross Domestic Production ratio shall be below four decimal half *per centum* by the year 2027 and thereafter; and
- (b) the transformation of Sri Lanka to a highly competitive, export-oriented, digital economy including-
 - (i) diversification and deep structural changes of the national economy to boost competitiveness;
 - (ii) achieving Net Zero by the year 2050;
 - (iii) increasing integration with the global economy;
 - (iv) achieving stable macroeconomic balances and sustainable debt;
 - (v) modernize agriculture to boost farmer productivity, farmer incomes, and agriculture exports; and
 - (vi) promote inclusive economic growth and social progress.

(2) For the purpose of this section, “Net zero” means the balance between the amount of greenhouse gas that is produced in Sri Lanka and the amount that is removed from the atmosphere.

4. It shall be the duty of the Cabinet of Ministers charged with the direction and control of the Government of Sri Lanka under Article 43 of the Constitution, to base the National Policy on Economic Transformation on the following targets: -

Duty of the Cabinet of Ministers in relation to the National Policy on Economic Transformation

(a) Gross Domestic Production growth to reach-

(i) five *per centum* annually by the year 2027;
and

(ii) above five *per centum* annually thereafter;

Explanation

The year 2027 will mark five years since the beginning of the crisis. Sri Lanka's positive recovery shall enshrine a full economic recovery by the year 2027. The economic growth shall be accelerated to above five *per centum* after the year 2030 to achieve an Advanced Economy status by the year 2048.

(b) unemployment to reach below five *per centum* of the labour force from the year 2025;

Explanation

Unemployment rates in Sri Lanka have typically been low and a target rate of five *per centum* locks this in.

(c) Female Labour Force Participation to reach-

(i) not less than forty *per centum* by the year 2030; and

(ii) not less than fifty *per centum* by the year 2040;

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Explanation

Measures to increase Female Labour Force Participation may significantly increase labour productivity and growth in the economy.

- (d) current account deficit of the balance of payments shall not exceed one *per centum* of Gross Domestic Production annually;

Explanation

Persistent current account surpluses may help Sri Lanka manage its external debt service obligations on a sustainable basis. However, in case of a current account deficit in a given year, this deficit shall be limited to less than one *per centum* of Gross Domestic Production.

- (e) exports of goods and services as a percentage of Gross Domestic Production to reach-
- (i) not less than twenty-five *per centum* of Gross Domestic Production by the year 2025;
 - (ii) not less than forty *per centum* of Gross Domestic Production by the year 2030; and
 - (iii) sixty *per centum* of Gross Domestic Production by the year 2040;

Explanation

A target of forty *per centum* of Gross Domestic Production by the year 2030 is needed to convert Sri Lanka from an inward-oriented economy to an outward-oriented economy.

- (f) Net Foreign Direct Investment as a percentage of Gross Domestic Production to reach-
- (i) not less than five *per centum* of Gross Domestic Production by the year 2030; and
 - (ii) at least forty *per centum* of Net Foreign Direct Investment to be in exports of goods or exports of services by the year 2030;

Explanation

Shift to export-oriented Foreign Direct Investment in order to support the growth of non-debt creating inflows to the economy.

- (g) Primary Balance in the Government Budget to reach two decimal three *per centum* of Gross Domestic Production until the year 2032 and at least two *per centum* of Gross Domestic Production from the year 2032 onwards;

Explanation

In order to prevent the recurrence of such an economic crisis, it is essential to ensure that a primary surplus of at least two *per centum* of Gross Domestic Production is maintained in the Government budget.

- (h) Government revenue to reach at least fifteen *per centum* of the Gross Domestic Production beyond the year 2027; and

Explanation

To maintain robust domestic resource mobilization.

- (i) multi-dimensional poverty headcount ratio to be less than fifteen *per centum* by the year 2027 and less than ten *per centum* by the year 2035.

Explanation

The reduction of multi-dimensional poverty (including education, health, housing and access to basic services) to promote inclusive growth through economic transformation.

Cabinet of Ministers to prepare a report on the policy framework and strategies

5. (1) The President shall, commencing from the year 2025, ensure that every five years, the Cabinet of Ministers shall prepare and present to Parliament a report on the policy framework and strategies (including proposed legislation) to give effect to the National Policy on Economic Transformation as set out in sections 3 and 4.

(2) The Cabinet of Ministers may from time to time revise such report and present such revisions to Parliament.

(3) Such report shall be presented to Parliament by the Minister assigned the subject of Economic Policy, in accordance with the Standing Orders and the first report shall be presented to Parliament in the year 2025.

Policies of Government to conform to National Policy on Economic Transformation

6. All policies, programmes, regulations, circulars and directives of the Government shall conform to such National Policy on Economic Transformation.

Commitment to achieving the key targets of the policy and remedial measures for any deviation from the targets

7. (1) The Government shall, through the Minister assigned the subject of Economic Policy, present to Parliament by thirty first day of March each year the measures being taken towards achieving each target of the National Policy on Economic Transformation. The first such report shall be presented to Parliament immediately after the expiry of one year from the date of commencement of this Part.

(2) Where the target has not been met, the Government shall inform Parliament of the measures being taken to remedy the situation and indicate when the target will be met. The remedial measures shall reflect a firm commitment and comprehensive strategy to meet the targets, which shall be a binding condition.

8. Parliament, in the exercise of its powers under Article 43 and Article 148 of the Constitution, shall have the oversight control over the Cabinet of Ministers in the execution of its powers and responsibilities under this Act.

Oversight control of Parliament

9. The following agencies shall assist the Government in achieving the objects of rapid growth for the national economic transformation-

Agencies to assist the Government

- (a) Economic Commission established by section 11;
- (b) Zones SL established by section 61;
- (c) Office for International Trade established by section 99;
- (d) National Productivity Commission established by section 132; and
- (e) Sri Lanka Institute of Economics and International Trade established by section 162.

PART II

CHAPTER II

APPLICATION OF THIS PART

10. (1) The provisions of this Part shall apply to investments and international trade of Sri Lanka.

Application of this Part

(2) The provisions of this Part shall not apply to the Colombo Port City Special Economic Zone established under section 2 of the Colombo Port City Economic Commission Act, No. 11 of 2021.

CHAPTER III

ESTABLISHMENT OF THE ECONOMIC COMMISSION OF SRI LANKA

Establishment of
the Economic
Commission of
Sri Lanka

11. (1) There shall be established a Commission which shall be called the Economic Commission of Sri Lanka (in this Act referred to as the “Economic Commission”).

(2) The Economic Commission shall, by the name assigned to it under subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.

(3) The Commission shall have its principal office in Sri Lanka and may establish any branch office or other representation within or outside Sri Lanka.

Objects of the
Economic
Commission

12. The objects of the Economic Commission shall be-

- (a) to contribute to the creation and maintenance of a robust investment climate, the promotion and facilitation of sustainable foreign direct investment which will stimulate international trade by the increase of exports and increase employment opportunities for the citizens of Sri Lanka;
- (b) to evaluate the need for Investment Zones in Sri Lanka, and provide guidance and regulatory oversight for the operation and management of such Investment Zones to the Zones SL or any other entity established by or under Part III;

- (c) to promote and enable the ease of doing business for investors, investments and exporters;
- (d) to determine the investments which are of strategic importance which include significant inflows of foreign exchange into Sri Lanka by way of foreign direct investment, the export of goods and services, and large-scale employment within Sri Lanka, and which result in significant benefits to the overall development of the economy;
- (e) to review and recommend incentives to the Minister for the promotion of investments which are determined by the Economic Commission under paragraph (d) to be of strategic importance;
- (f) to facilitate a smooth and efficient process for enabling investments;
- (g) to expand and strengthen Sri Lanka's economy by facilitating investments and formulating policies which will stimulate international trade by the increase of exports, thereby diversifying the sources of foreign exchange and increase of export earnings and to recommend such policies to the Cabinet of Ministers; and
- (h) to encourage and foster the establishment and development of industrial and commercial enterprises within Sri Lanka.

13. The Economic Commission shall, in the performance and discharge of its duties and functions exercise the following powers: -

Powers of the
Economic
Commission

- (a) to recommend the declaration of Investment Zones to the Minister;
- (b) to formulate, oversee, and direct the implementation of reforms required for improving the investment climate;
- (c) to review policies, laws and regulations relating to investments, international trade and exports, and to advise the Minister on measures that are considered necessary to facilitate the attainment of the objects of the Economic Commission by the issuance or amendment of laws and regulations;
- (d) to take all necessary measures to promote domestic and foreign investments and international trade to achieve greater export-orientated growth, economic diversification and technological advancement;
- (e) to enter into agreements with or engage in any activity in furtherance of its duties and functions, either alone or in conjunction with other governmental or regulatory institutions or international agencies or organizations, handling matters related to investment and trade;
- (f) to enter into contracts with any person as may be necessary in the exercise, performance and discharge of its powers, duties and functions;
- (g) to approve or register, as the case may be, investments or enterprises as provided for in this Part;

- (h) to establish or create entities, including separate legal entities incorporated under the Companies Act, No. 07 of 2007, as may be necessary to attain the objects of the Economic Commission, to carry out any of the duties and functions of the Economic Commission;
- (i) to delegate or assign such powers, duties or functions subject to such terms and conditions, to such entities created under paragraph (h), as the Economic Commission may determine;
- (j) to give special or general directives to any entity created by the Economic Commission for the purpose of discharging its objects and functions;
- (k) to appoint advisory committees to assist the Economic Commission in fulfilling its mandate;
- (l) to recognize certification and certifying bodies in relation to investment and international trade;
- (m) to determine an amount up to ten *per centum* of the fees charged by the Zones SL to issue any licence under Part III, to be credited to the EC Fund;
- (n) to purchase, or take and hold any property, movable or immovable, which may become vested in it and to sell, mortgage, lease, convey, devise, assign, exchange or dispose of any such movable or immovable property;
- (o) to purchase, hold and sell shares, stocks, debentures and similar assets;
- (p) to employ such officers and staff including consultants and advisors subject to such terms and conditions as the Economic Commission may consider appropriate to enable it to discharge its functions under this Part;

- (q) to invest its funds in such manner as the Economic Commission may deem necessary including the opening, operation and closing of bank accounts;
- (r) to make rules and issue guidelines in respect of matters under this Part; and
- (s) to do any other acts as may be necessary or conducive to the attainment of the objects of the Economic Commission under this Part.

Duties and
Functions of the
Economic
Commission

14. The duties and functions of the Economic Commission shall be-

- (a) to design, recommend and implement national policies regarding investments, and the stimulation of international trade to achieve national economic milestones;
- (b) to formulate schemes and measures to ensure that existing investors are encouraged to retain, reinvest and expand their investments in Sri Lanka;
- (c) to take necessary measures to facilitate investments by streamlining, digitizing and creating a transparent regulatory and operational environment including a process for the registration and approval of investments;
- (d) to take necessary measures to ensure that trade negotiations will be directly aligned with Sri Lanka's strategic export and investment objects and reap the expected benefits of the trade-investment nexus;

- (e) to propose strategic policy actions that may be required to attract and stimulate transformational investments to the Minister;
- (f) to recommend the creation of Investment Zones;
- (g) to undertake periodic performance reviews of investments as well as the flow of investments into Investment Zones;
- (h) to conduct research on the performance and prospects of trade and investment to assist in the formulation of government policies;
- (i) to coordinate between government entities to meet the objects of the Economic Commission; and
- (j) to do all such other acts as may be necessary or conducive to the attainment of any or all of the objects of the Economic Commission.

15. (1) The Minister shall, upon receipt of a recommendation under paragraph (f) of section 14 to declare an Investment Zone, with the approval of the Cabinet of Ministers, by Notice published in the *Gazette*, declare such Investment Zone by specifying-

Minister to
declare
Investment
Zones

- (a) the metes and bounds of the land area which shall fall within such Zone; and
- (b) the sector in which such zone falls and whether it is a single sector or multiple sector zone as referred to in subsection (5).

(2) Where whole or part of Investment Zone is private land, the notice published under subsection (1) shall, in respect such private land, be deemed to be a notice published under section 2 of the Land Acquisition Act (Chapter 450) and provisions of that Act shall *mutatis mutandis* apply in relation to such private land.

(3) The President may make or execute a grant or any other alienation or disposition of any State land within any Investment Zone to the Zones SL, subject to the condition that any such State land shall not be alienated for private use except to the developers, operators or enterprises or other body of persons established within such Investment Zone.

(4) Upon a grant, alienation or disposition made or executed under subsection (3), the Zone SL shall, subject to conditions specified therein, be responsible for the use of such land.

(5) An Investment Zone may be designated as a single sector or multiple sector zone and may include but not limited to-

- (a) industries;
- (b) information communication technology enterprises;
- (c) science and technology enterprises;
- (d) high technology agricultural enterprises;
- (e) tourist and recreational enterprises;
- (f) business service enterprises; or
- (g) livestock enterprises.

(6) (a) Subject to the provisions of any other written law, a person shall not carry on the business of a zone developer, operator or enterprise or provide or maintain activities or facilities within a Zone without being registered with the Economic Commission or Zones SL, as the case may be, in accordance with the regulations made under Part II or Part III.

(b) A Zone shall be a designated geographical area where business enabling policies, integrated land uses and sector-appropriate on-site and off-site infrastructure and utilities shall be provided, or which has the potential to be developed,

whether on a public, private-public partnership or private basis where any goods introduced and specified services provided are regarded, in so far as import duties and taxes are concerned as being outside the area that falls within the Customs Ordinance (Chapter 235), and wherein the benefits provided under this Part apply.

CHAPTER IV

ADMINISTRATION AND MANAGEMENT OF THE ECONOMIC COMMISSION

16. (1) The administration and management of the affairs of the Economic Commission shall be vested in a Board of Members (in this Part referred to as the “EC Board”).

Administration
and management
of the Economic
Commission

(2) The EC Board shall, for the purpose of administering and managing the affairs of the Economic Commission, exercise, perform and discharge the powers, duties and functions conferred or imposed on, or assigned to the Economic Commission by this Part.

(3) The EC Board shall consist of not more than ten members comprising of the following: -

(a) the following *ex officio* members:-

- (i) the Secretary to the Ministry of the Minister assigned the subject of Finance or his nominee who shall be an officer not below the rank of Deputy Secretary to the Treasury;
- (ii) the Secretary to the Ministry of the Minister assigned the subject of Investment or his nominee who shall be an officer not below the rank of Additional Secretary;
- (iii) the Chairperson of the Office for International Trade;
- (iv) the Chairperson of the Zones SL; and

(b) not more than six persons appointed by the President (in this Part referred to as the “appointed members”) comprising of persons having knowledge, expertise and experience and national or international recognition in the fields of Economics, Investment, International Trade, Finance, Law, Information Technology, Logistics, Manufacturing or Business.

(4) The EC Board shall invite the persons designated by the Economic Commission or under any other law to head any authorities which may be designated by the Economic Commission or vested with the responsibility by any other law over Investment Zones and export promotion and development to attend meetings of the Economic Commission, provided that they shall not be entitled to a vote thereat.

Chairperson of
the EC Board

17. (1) The President shall appoint one of the appointed members to be the Chairperson of the EC Board.

(2) The Chairperson may resign from the office of the Chairperson by letter on that behalf addressed to the President and such resignation shall be effective from the date on which it is accepted in writing by the President.

(3) The President may for reasons assigned therefor remove the Chairperson from the office of Chairperson.

(4) Subject to the provisions of subsections (2) and (3) the term of office of the Chairperson shall be the period of his term of office as a member of the EC Board.

(5) Where the Chairperson is temporarily unable to perform the duties of his office due to ill health, other infirmity, absence from Sri Lanka for a period not less than three months or any other cause, the President may appoint any other appointed member to act as the Chairperson in addition to his normal duties.

18. A person shall be disqualified from being appointed or nominated or from continuing as a member of the EC Board if such person-

Disqualifications
for being a
member of the
EC Board

- (a) is, or becomes a Member of Parliament, or a Member of any Provincial Council or any local authority;
- (b) is not or ceases to be a citizen of Sri Lanka;
- (c) is under any law in force in Sri Lanka or any other country, found or declared to be of unsound mind;
- (d) is a person who, having been declared as insolvent or bankrupt under any law in force in Sri Lanka or any other country is an undischarged insolvent or bankrupt;
- (e) is serving or has served a sentence of imprisonment imposed by a court of Sri Lanka or any other country;
- (f) holds or enjoys any right or benefit under any contract made by or on behalf of the Economic Commission;
- (g) has any financial or other interest direct or indirect as is likely to affect prejudicially the exercise, performance and discharge by such person of his powers, duties and functions as a member of the EC Board; or
- (h) has been previously removed from office.

19. Every appointed member of the EC Board shall, unless such person vacates office earlier by death, resignation or removal, hold office for a period of three years from the date of appointment, and unless removed from office shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

Term of office

Removal,
resignation etc.
of appointed
members

20. (1) Any appointed member of the EC Board may, at any time, resign from his office by letter in that behalf addressed to the President, and such resignation shall take effect from the date on which the resignation is accepted in writing by the President.

(2) The President may remove any appointed member of the EC Board, from office-

- (a) by written notice, if such person becomes incapable of effectively performing the duties of office due to ill health or incapacitation; or
- (b) being satisfied, upon consideration of representations made, that such person is guilty of fraud, grave misconduct or gross negligence, or being incapable of effectively discharging responsibilities vested on such person (including regular non-attendance of meetings) which warrants removal from office with immediate effect.

(3) An appointed member shall be disqualified from continuing as a member of the EC Board if such person absents himself from three consecutive meetings of the EC Board or one third of the meetings for any calendar year without being excused for such absence by the EC Board.

(4) In the event of the vacation of office by death, resignation or removal from office of any appointed member of the EC Board, the President shall, having regard to the provisions of sections 16 and 18, appoint another person to fill such vacancy. Such person shall hold office for the unexpired period of the term of office of the member whom he

succeeds, and unless removed from office, shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

(5) Where any appointed member of the EC Board is temporarily unable to perform the duties of his office on account of ill health or any other cause, or if he is absent from Sri Lanka for a period not less than three months, the President shall, having regard to the provisions of sections 16 and 18, appoint any other person to act in place of such member during his absence.

21. (1) Any member of the EC Board who has a direct or indirect interest in any person, company, investment, export, trade or any other matter involving the exercise of discretion of the Economic Commission or its vote or direction, shall forthwith inform the Director General of the Economic Commission in writing of the nature and extent of such interest and such disclosure shall be duly recorded at meetings of the EC Board where such matters are discussed. Such member shall not participate at any meeting at which such matters are discussed or vote on any decision which directly or indirectly relates to such interest.

Conflicts of interest

(2) If any member of the EC Board fails or neglects to declare a conflict of interest as set out in subsection (1), such member shall be subject to disqualification from being a member of the EC Board.

22. (1) The meetings of the EC Board shall be held at least once in three months or as is required for the purpose of exercising, performing and discharging the powers, duties and functions conferred or imposed on, or assigned to the EC Board by this Part.

Quorum and the meetings of the EC Board

(2) The *quorum* for any meeting of the EC Board shall be five members.

(3) A meeting of the EC Board may be held either-

- (a) by the number of members who constitute the *quorum* being assembled at the place, date and time appointed for the meeting; or
- (b) by means of audio-visual communication by which all members participating and constituting the *quorum* can simultaneously see and hear each participating member for the duration of the meeting.

(4) All questions for decision at any meeting of the EC Board shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.

(5) The Chairperson, if present, shall preside at every meeting of the Board. In the absence of the Chairperson from any meeting of the EC Board, any member elected by the members present shall preside at such meeting of the EC Board.

(6) Subject to the preceding provisions of this section, the EC Board may regulate the procedure to be followed for the summoning and holding of meetings of the EC Board and the transaction of business at such meetings.

Acts or proceedings of the EC Board deemed not to be invalid by reason of any vacancy

23. The EC Board may act notwithstanding any vacancy among its members, and any act or proceeding of the EC Board shall not be, or deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Remuneration of the members of the EC Board

24. The Chairperson and the members of the EC Board shall be paid such remuneration in such manner and at such rates as may be determined by the Minister, with the concurrence of the Minister assigned the subject of Finance.

25. (1) The seal of the Economic Commission shall be as determined by the EC Board.

Seal of the
Economic
Commission

(2) The seal of the Economic Commission –

(a) may be altered in such manner as may be determined by the Economic Commission; and

(b) shall be in the custody of such person or persons as the Economic Commission may determine from time to time.

(3) The seal of the Economic Commission shall not be affixed to any instrument or document except with the sanction of the EC Board and in the presence of the Chairperson and one other member of the EC Board who shall sign the instrument or document in token of their presence:

Provided however, where the Chairperson is unable to be present at the time when the seal of the Economic Commission is affixed to any instrument or document, any other member of the EC Board authorized in writing by the Chairperson on that behalf shall be competent to sign such instrument or document in accordance with the preceding provision of this subsection.

(4) The EC Board shall maintain a register of the instruments and documents to which the seal of the Economic Commission has been affixed.

CHAPTER V

DIRECTOR GENERAL AND STAFF OF THE ECONOMIC COMMISSION

26. (1) There shall be a Director General of the Economic Commission (hereinafter referred to as the “EC Director General”) appointed by the Minister on the recommendation of the EC Board and who shall be the Chief Executive Officer and Accounting Officer of the Economic Commission.

Director General

(2) The qualification and experience of the person who shall be appointed as the EC Director General and the terms and conditions of employment of the EC Director General shall be as prescribed by regulation.

(3) The EC Director General shall, subject to the general or special directions and control of the EC Board –

- (a) be charged with the administration of the affairs of the Economic Commission including the administration and control of the staff;
- (b) be responsible for the execution of all decisions of the EC Board; and
- (c) carry out all such functions as may be assigned to him by the EC Board.

(4) The EC Director General shall be entitled to be present and speak at any meeting of the EC Board, but shall not be entitled to vote at such meeting.

(5) The EC Board may delegate such of its powers, duties and functions under this Part, as it may determine, either to the EC Director General or to any officer of the Economic Commission and the EC Director General or any officer of the Economic Commission shall exercise, perform and discharge such delegated powers, duties and functions subject to the direction and supervision of the Economic Commission.

(6) The EC Director General may, with the approval of the EC Board, delegate in writing to any administrative unit or officer or employee of the Economic Commission, such of the powers, duties or functions of the EC Director General as may be considered necessary from time to time, and any such administrative unit or officer or employee to whom any such powers, duties or functions are delegated, shall be responsible for the same, and shall exercise, perform and discharge them subject to the direction and supervision of the EC Board or the EC Director General.

(7) The EC Director General shall be responsible and answerable to the EC Board in the exercise, performance and discharge of his powers, duties and functions under this Part.

(8) The Minister may, in consultation with the EC Board, and subject to the provisions of subsection (9), remove the EC Director General from office-

- (a) if he becomes permanently incapable of performing his duties;
- (b) if he has done any act which, in the opinion of the EC Board, is of a fraudulent or illegal character or is prejudicial to the interests of the Economic Commission; or
- (c) if he has failed to comply with any directions issued by the EC Board.

(9) Prior to being removed under subsection (8), the EC Director General shall be issued a notice in writing to show cause as to why he should not be removed from office and be given an opportunity of being heard against any allegations made against him.

(10) The office of the EC Director General shall become vacant upon the death, removal from office under subsection (8) or resignation by letter in that behalf addressed to the Minister by the holder of that office.

(11) If any vacancy occurs in the office of the EC Director General, the Minister may, in consultation with the EC Board, appoint an appointed member of the Board to exercise, perform and discharge the powers, duties and functions of the EC Director General until an appointment is made under subsection (1).

(12) The EC Director General shall be paid such remuneration as may be determined by the EC Board in consultation with the Minister.

Staff of the
Economic
Commission

27. (1) The Economic Commission may create cadre positions and employ officers and employees as it considers necessary for the efficient discharge of its functions for the purposes of carrying out its duties and functions under the provisions of this Part.

(2) The EC Board may, in respect of the officers and employees employed under subsection (1) –

- (a) determine the terms and conditions of employment of such officers and employees;
- (b) fix the rates at which such officers and employees shall be remunerated in consultation with the Minister assigned the subject of Finance;
- (c) exercise disciplinary control over or dismiss such officers and employees; and
- (d) implement a code of conduct which shall be applicable to such officers and employees.

(3) The EC Board may make rules in respect of all or any of the matters referred to in subsection (2).

(4) The Economic Commission shall promote and sponsor the training of technical personnel on the subjects of investment, trade and other related subjects and for this purpose, the Economic Commission shall be authorized to defray the costs of study, in Sri Lanka or abroad of such officers.

(5) The Economic Commission shall not appoint any person to the staff of the Economic Commission, if such person-

- (a) has been previously found guilty of a crime or an act of serious misconduct by a civil court or tribunal or has been subject to proceedings for a regulatory, code of conduct or related violation by a regulator in Sri Lanka or abroad; or
- (b) has committed a breach of the provisions of this Part or regulations, rules or directives made thereunder.

28. (1) At the request of the Economic Commission any officer in the public service may, with the consent of the officer and the Public Service Commission be temporarily appointed to the staff of the Economic Commission for such period as may be determined by the Economic Commission or with like consent, be permanently appointed to such staff.

Appointment of public officers to the staff of the Economic Commission

(2) Where any officer in the public service is temporarily appointed to the staff of the Economic Commission, 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 such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the Economic Commission, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis*, apply to and in relation to such officer.

(4) Where the Economic Commission 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 with the Economic Commission by that person shall be regarded as service to the Government, for the purpose of discharging the obligations of such contract.

CHAPTER VI

FINANCE

Financial
management of
the Economic
Commission

29. The EC Board shall be charged with the financial management of the Economic Commission and the due operation and management of the EC Fund established in terms of section 30.

Fund of the
Economic
Commission

30. (1) The Economic Commission shall have its own Fund (hereinafter referred to as the “EC Fund”).

(2) There shall be paid into the EC Fund-

- (a) all such sums of money as may be voted by Parliament for the use of the Economic Commission;
- (b) all such sums of money as may be received by the Economic Commission through the exercise, performance and discharge of its powers, duties and functions either directly or through entities created by it under this Part;
- (c) all such sums of money as may be paid as fees under the provisions of this Part; and
- (d) upto ten *per centum* of the fees charged by the Zones SL to issue any licence under Part III, as may be determined by the Economic Commission under paragraph (m) of section 13.

(3) There shall be paid out of the EC Fund all such sums as are required to defray expenditure incurred by the Economic Commission in the exercise, performance and discharge of its powers, duties and functions under this Part or under any other written law and all such sums as are required to be paid out of the EC Fund.

(4) Monies belonging to the EC Fund may be invested by the Economic Commission in such manner as may be determined by the EC Board.

31. (1) The financial year of the Economic Commission shall be the calendar year.

Financial year
and audit of
accounts of the
Economic
Commission

(2) The Economic Commission shall cause proper books of accounts to be kept of the income, expenditure, assets and liabilities and all other financial transactions of the Economic Commission.

(3) The provisions of Article 154 of the Constitution relating to the audit of the accounts of public corporations shall apply to the audit of accounts of the Economic Commission.

(4) The EC Board shall submit the audited statement of accounts together with the auditor's report to the Minister to be tabled in Parliament.

CHAPTER VII

NATIONAL POLICIES ON INVESTMENT, INTERNATIONAL TRADE AND INVESTMENT ZONES

32. (1) The Economic Commission shall formulate and recommend to the Cabinet of Ministers the national policies on investment, international trade and investment zones, to enable the realization of the National Policy on Economic Transformation as specified in sections 3 and 4, and forward the same to the President and the Minister.

National
policies on
investment,
international
trade and
investment
zones

(2) The Minister shall, upon receipt of approval from the Cabinet of Ministers cause such national policies on investment, international trade and investment zones to be published in the *Gazette* and tabled in Parliament for approval.

(3) Upon receipt of approval from Parliament under subsection (2), the national policies as so approved shall be the national policies on investment, international trade, and investment zones.

(4) It shall be the duty of the Economic Commission and other related statutory bodies, Provincial Councils, Provincial Ministries, departments and any other local authorities to comply with the national policies on investment, international trade and investment zones.

(5) The Economic Commission shall ensure that it consults and coordinates with other agencies having responsibilities for substantive matters relating to the matters of investment and international trade in formulating the national policies on investment, international trade and investment zones.

CHAPTER VIII

ELIGIBILITY AND REGISTRATION OF FOREIGN INVESTORS

Eligibility of
foreign investors
and prohibitions
and restrictions

33. (1) (a) Subject to the provision of subsection (1)(c), foreign investments shall be permitted into all sectors and regions of Sri Lanka. Foreign investors shall be permitted to own one hundred *per centum* of the shares in entities engaged in such sectors and regions, unless otherwise determined by way of regulations made under the provision of this Part or any other written law.

(b) Foreign direct investments into Sri Lanka may take any legal form recognized by the laws of Sri Lanka, including new investment into companies incorporated under the Companies Act, No. 07 of 2007 or as investments into existing local companies.

(c) A negative list containing sectors and industries which are prohibited or restricted for foreign investors shall be prescribed by regulations made under this Part.

(2) Notwithstanding anything to the contrary contained herein, the Minister may with the approval of the Cabinet of Ministers introduce new entry requirements or restrictions for foreign investments into Sri Lanka by regulations made under this Part, if deemed necessary for reasons of national security, public emergency, public safety and environmental protection.

34. (1) Notwithstanding the provisions of section 33, foreign investors shall register their foreign investments with the Economic Commission as provided in this section to be eligible for the protections afforded to foreign investors and investments in this Part.

Registration of foreign investments

(2) For avoidance of doubt, registration under subsection (1) does not exempt foreign investors and foreign investments made thereunder, from having to comply with and adhere to any other requirements or conditions that may be imposed by any other written law in force in Sri Lanka.

(3) Domestic investors shall be required to register their investments with the Economic Commission to obtain facilitation services under this Part and its implementing regulations.

CHAPTER IX

INVESTMENT GUARANTEES

35. The provisions in this Part shall not apply to any bilateral and multilateral investment treaties or the investment chapters of any free trade agreements entered into by Sri Lanka with any sovereign state.

Provisions of this Part not to apply to bilateral and multilateral investment treaties &c

36. (1) All investments established in Sri Lanka shall receive fair and equitable treatment and shall enjoy full protection and security.

Fair and equitable treatment

(2) For the purposes of this Part-

“fair and equitable treatment” means the obligation to not to deny justice, in any criminal, civil or administrative proceedings in accordance with due process and the laws of Sri Lanka; and

“full protection and security” means the provision of protection for physical security of investments as required under the laws of Sri Lanka.

National
treatment and
most favoured
nation treatment

37. (1) (a) Foreign investments and returns on investments of foreign investors shall be accorded treatment not less favourable than that accorded to domestic investors, in like circumstances, as regards acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

(b) For greater certainty “in like circumstances” shall be assessed based upon an objective assessment of all circumstances on a case-by-case basis, including the sector of investment, the location of the investment, the purpose of any act or measure complained of and the regulatory, governance or legal process generally applied in relation to the act or measure concerned. The assessment shall not be limited to or biased towards any one factor.

(2) A foreign investor shall not be discriminated in any form, in like circumstances, including but not limited to their citizenship, residency, religion, place of registration or the state of origin of the investment.

(3) The provisions of subsections (1) and (2) shall not be construed to oblige Sri Lanka to extend to the foreign investors and foreign investments, the benefit of any treatment, preference or privilege resulting from-

- (a) any existing or future customs, economic or monetary union, free trade area or similar international agreements to which Sri Lanka is or may become a party in the future;
- (b) any international agreement or arrangement or any domestic regulation, wholly or partially related to taxation;
- (c) any bilateral agreement in force or entered into in the future; or
- (d) any sectors or services that are exclusively reserved to nationals in accordance with the laws of Sri Lanka.

38. (1) All payments relating to a foreign investment shall be freely transferable, into and out of Sri Lanka, in accordance with laws and regulations in force, without delay, and in freely convertible currency. Such transfers shall include, in particular-

Payments relating to a foreign investment to be freely transferable

- (a) initial capital and additional amounts to maintain or increase an investment;
- (b) return of the investment invested;
- (c) payments made under a contract, including repayments pursuant to a loan agreement, royalties, fees;
- (d) proceeds from the sale or liquidation of all or any part of an investment;
- (e) payments of compensation under section 39;
- (f) payments arising out of the settlement of an investment dispute; and
- (g) earning and other remuneration of personnel engaged from abroad in connection with an investment.

(2) The transfers referred to in subsection (1) shall be subjected to any payments, dues, fees, levies or any other similar obligation that is due in terms of such laws or regulations. The amount permitted for transfer under this section shall be the balance after deduction of the financial obligations referred to herein.

(3) The market rate of exchange published by the Central Bank of Sri Lanka prevailing on the date of transfer shall be applicable for the purpose of this section and in the absence of a market for foreign exchange, the rate to be used shall be the most recent exchange rate for the conversions of currencies into Special Drawing Rights.

(4) Without prejudice to the foregoing, the equitable, non-discriminatory and good faith actions and measures taken to temporarily restrict the transfer of funds, out of Sri Lanka, shall not be interpreted to mean a violation of this section, in the occurrence of the following events:-

- (a) serious balance of payment difficulties;
- (b) if movements of capital will cause serious difficulties for macroeconomic management;
- (c) bankruptcy, insolvency or the protection of the rights of the creditors;
- (d) the issuing, trading or dealing with securities;
- (e) criminal or penal offences and the recovery of the proceeds of crime; or
- (f) ensuring the satisfaction of judgments in adjudicatory proceedings.

(5) The duration of the restrictions relating to transfer of payments stated in paragraphs (a) and (b) of subsection (4) shall be applied only for a period that is absolutely necessary to remedy the balance of payments situation.

39. (1) No investment shall be expropriated or nationalized or no measures shall be taken having equivalent effect of nationalization or expropriation (hereinafter referred to as “expropriation”) except in the public interest-

Expropriation

- (a) on a non-discriminatory basis;
- (b) on the principle of proportionality;
- (c) in accordance with due process of law; and
- (d) accompanied by expeditious payment of adequate and effective compensation.

(2) In the case of expropriation-

- (a) compensation shall amount to fair market value of the investment expropriated on the day before the expropriation or impending expropriation takes place or became publicly known, whichever is earlier, and shall not reflect any change in value occurring because the intended expropriation had become publicly known earlier. Valuation criteria shall be on the basis of going concern value, asset value including declared tax value of tangible property, and other criteria, as appropriate, to determine fair market value;
- (b) if the market value cannot be ascertained, the compensation shall be determined in taking into account all relevant factors and circumstances, such as the capital invested, the nature and duration of the investment, replacement and book value, in accordance with fair market value as per international standard of valuation;

- (c) compensation shall be paid without delay, be effectively realizable and freely transferable. Compensation shall be paid within six months from the date of expropriation. Until the time compensation is paid, the investment can continue to operate.

(3) An investor affected by an expropriation shall have the right to prompt review of its case, including the valuation of its investment and the payment of compensation in accordance with the provisions of this section.

(4) Any non-discriminatory measures designed and applied to protect legitimate public welfare objectives, such as health, safety and the environment, shall not constitute expropriation or nationalisation, except in the circumstance when the impact of a measure or series of measures is so severe in light of its purpose that it appears manifestly excessive.

(5) In case of expropriations under the Land Acquisition Act (Chapter 450), the payment of compensation shall be in accordance with the provisions of that Act.

Pre-
establishment
rights

40. For the avoidance of doubt, none of the provisions in sections 36, 37, 38 and 39 shall be deemed to grant pre-establishment rights to any foreign investor or investment.

Obligations of
foreign
investors

41. (1) Foreign investors and their investments shall comply with all laws, regulations, administrative guidelines and policies in force in Sri Lanka, concerning the establishment, acquisition, management, operation and disposition of such investments.

(2) Foreign investors and their investments shall not, either prior to or after the establishment of an investment,

offer, promise, or give any undue pecuniary advantage, gratification or gift whatsoever, whether directly or indirectly, to an official in charge of investment, to a public official or to any other person in a decision making capacity with regard to its investment, or offer an inducement or reward for doing or forbearing to do any official act or obtain or maintain other improper advantage nor shall be complicit in inciting, aiding, abetting or conspiring to commit such acts.

(3) Foreign investors and their investments shall comply with the laws, so long as they are applicable, concerning taxation, including timely payment of their tax liabilities.

(4) Foreign investors shall provide such information, when called upon to do so by the authorities concerning their investment, for purposes of decision making in relation to that investment or for statistical purposes.

(5) Foreign investors and their investments shall endeavour to voluntarily incorporate internationally recognized standards of corporate social responsibility in their practices and internal policies. These principles may address issues such as labour, the environment, human rights, community relations and anti-corruption.

CHAPTER X

TRANSPARENCY AND DISPUTE SETTLEMENT

42. (1) (a) The Economic Commission shall endeavour to publish all laws, regulations, orders, rules and where legally permissible, judgments and administrative rules on a single website to provide investors with easy access to such information and material.

Transparency

(b) Where possible, the Economic Commission may consult with and provide investors with an opportunity to make representations on proposed regulations, rules, directions or orders which affect their rights as investors.

(2) Where any administrative proceedings are initiated against any investor or investment, all the rights, procedures and due processes afforded to any citizen under the law in respect of such proceedings shall be afforded to the investor.

Prevention of
disputes between
foreign investors
and State

43. (1) The Economic Commission shall by itself or through its agencies, set up a Grievance Committee to which a foreign investor may refer any grievance arising from any dispute, difference, disagreement or any matter between the foreign investor and the State (relating to the foreign investment) for settlement through a consultative process. The Economic Commission shall, by way of rules made under this Part, formulate provisions for the composition and procedures for such purpose including stipulation of the responsibilities of the Grievance Committee.

(2) The Grievance Committee and the authorities shall make their best efforts to resolve foreign investors' grievances amicably and in a consultative manner.

(3) The Grievance Committee may contact the parties in question and the competent administrative authorities to request clarifications, documents and answers to the inquiries it sees necessary, and it may draw on the diverse expertise and specializations available to the Economic Commission and to other administrative authorities.

Dispute
settlement

44. (1) Investment disputes under this Part shall be settled promptly and amicably through consultations and negotiations between the parties.

(2) Where an amicable solution cannot be reached, any investor shall have the right to use all other remedies under the laws of Sri Lanka:

Provided that, where the dispute relates to one between a foreign investor and the State, the parties may agree to seek settlement of disputes, through alternate dispute resolution mechanisms including *ad hoc* arbitration and institutional arbitration.

(3) If any award is made by a foreign arbitral tribunal, such award shall be recognized and enforceable in Sri Lanka in accordance with the laws of Sri Lanka including the Arbitration Act, No. 11 of 1995.

(4) For the purposes of this section, “parties” means the investor and any Government institution, an investor has dealings with in respect of his investment.

CHAPTER XI

INCENTIVES

45. The Economic Commission may recommend incentives and exemptions from the laws specified in the Schedule to this part to be granted to investments, from time to time. Such incentives and exemptions shall become applicable upon the Minister prescribing the same by regulations made under this Part:

Incentives and exemptions

Provided however, that investments shall remain eligible for all incentives and exemptions as may be generally provided under any other applicable law.

CHAPTER XII

SPECIAL POWERS OF THE ECONOMIC COMMISSION

Special powers
of the Economic
Commission for
expediting
approvals

46. (1) Where an investor that applies to the Economic Commission or an investment registered with the Economic Commission requires any approvals, authorizations or permits from Ministries, Government departments, agencies, corporations, regulatory authorities or bodies named by the Cabinet of Ministers on the recommendation of the Minister and prescribed by regulations made under this Part (hereinafter referred to as “Specified Institutions”) the Economic Commission shall be empowered to facilitate the procurement of such approvals, authorizations or permits.

(2) Where the Economic Commission makes an inquiry or request to any Specified Institution for an approval, authorization, or permit in terms of subsection (1), such Specified Institution shall be obliged to respond to such inquiry or request either consenting to or objecting to such inquiry or request within fifteen days of such inquiry or request being made. If the Specified Institution refuses to respond to such inquiry or denies such request, written reasons for such refusal or denial shall be provided in writing within such period of twenty one days of such inquiry or request.

(3) All Specified Institutions shall be required to collaborate with the Economic Commission to enable it to perform its functions and meet its objects.

(4) The Minister may, by regulations made under this Part, prescribe procedures for such collaboration, which shall be complied with by Specified Institutions in line with standing operating procedures on granting approvals for investment projects formulated by the Economic Commission through a consultative process.

(5) If a Specified Institution refuses, denies or fails to respond to an inquiry or request as per the regulations made under subsection (1) or (4), the Economic Commission shall if deemed appropriate, refer such refusal, denial or failure to the Minister forthwith, who shall, within two weeks refer the matter to the Cabinet of Ministers for appropriate action.

47. (1) The Economic Commission may call upon any Government agency, local authority, body, authority or person to furnish information, details, documents and particulars as may be required by the Economic Commission in connection with or regarding any matters in relation to the discharge of its functions under this Part. Any Government agency, local authority, body, authority or person to which such a request is made shall be required to furnish such information to the Economic Commission without delay.

Power to call for information

(2) The Economic Commission shall have the power to coordinate with any government agency, local authority, body, authority or person to monitor the status of foreign investments in Sri Lanka.

CHAPTER XIII

ESTABLISHMENT OF INVEST SRI LANKA

48. (1) The Economic Commission shall establish an entity which shall be called the “Invest Sri Lanka” to be incorporated under the Companies Act, No. 07 of 2007.

Establishment of Invest Sri Lanka

(2) The Invest Sri Lanka shall be governed by a Board of Directors (hereinafter referred to as the “Invest SL Board”) consisting of not less than three and not more than five members appointed by the Economic Commission.

(3) The Chairperson of the Invest SL Board shall be appointed by the Economic Commission from amongst the members of the Invest SL Board.

(4) (a) The Chief Executive Officer of Invest Sri Lanka shall be appointed by the Economic Commission who also shall be the Accounting Officer.

(b) The day-to-day management of Invest Sri Lanka shall be vested in the Chief Executive Officer and the Chief Executive Officer shall be responsible for implementing policies and programs and for managing staff and resources. The qualifications, remuneration, allowances and terms and conditions of employment of the Chief Executive Officer shall be as may be decided by the Invest SL Board from time to time.

(5) All expenses including salaries of the staff of Invest Sri Lanka shall be allocated by the Economic Commission.

(6) The Minister may, on the recommendation of the Economic Commission, make regulations as may be necessary from time to time to supplement the operational procedures for Invest Sri Lanka.

Powers of the
Invest SL Board

49. The Invest SL Board shall have the power-

(a) to request and obtain from any Government agency, local authority or any other body or authority or person any information, details, documents and particulars as may be required by Invest Sri Lanka in connection with or in relation to any investment, which such government agency, local authority or body or authority or person shall furnish to the Invest SL Board without any delay or default;

- (b) to coordinate with Government departments to track and compile the status of significant projects of foreign investments and economic development in Sri Lanka;
- (c) to appoint Advisory Councils as it deems fit to assist it in the exercise, performance and discharge of its powers, duties and functions;
- (d) to appoint any committee consisting of such persons as it may think fit and delegate such powers as it may determine necessary. Every committee appointed under this paragraph shall conform to any directions that may, from time to time, be given to it by the Invest SL Board and the said Invest SL Board may at any time alter the constitution of any committee so appointed or rescind any such appointment;
- (e) to appoint skilled persons, experts and consultants as it deems necessary at competitive market rates as it may consider necessary for the performance and discharge of the duties and functions of Invest Sri Lanka; and
- (f) to generally do such other acts or things necessary to perform and discharge the duties and functions specified in section 50 and to promote and facilitate investment opportunities in Sri Lanka.

50. The duties and functions of the Invest SL Board shall be-

Duties and
functions of
Invest SL Board

- (a) to identify investment opportunities in Sri Lanka;
- (b) to promote Sri Lanka as an investment destination;

- (c) to provide information and guidance to potential investors on matters which shall include *inter alia*, the investment climate, laws and regulations, and business opportunities;
- (d) to facilitate the establishment, retention and expansion of investments by providing assistance with regulatory approvals, permits and licences;
- (e) to connect potential investors with local businesses and partners;
- (f) to represent the country's interests in international investment fora and conferences;
- (g) to promote collaboration between the Government, the private sector, and the investment community;
- (h) to implement national investment promotion strategies; and
- (i) to coordinate with other Government agencies which would be necessary for the purpose of investment promotion.

CHAPTER XIV

GENERAL PROVISIONS

Members,
officers and
other employees
of the Economic
Commission
deemed to be
public servants

51. All members of the EC Board, EC Director General and the officers and other employees of the Economic Commission, all members of the Invest SL Board shall be deemed to be public servants within the meaning, and for the purposes of the Penal Code (Chapter 19).

52. The Economic Commission shall be deemed to be a scheduled institution within the meaning of the Anti-Corruption Act, No. 9 of 2023, and the provisions of that Act shall be construed accordingly.

Economic Commission deemed to be a scheduled institution

53. No civil or criminal proceedings shall be instituted against any members of the EC Board, EC Director General, officer or employee of the Economic Commission or any member of the Invest SL Board, for any act which in good faith is done or purported to be done by him under this Act or on the directions of the Economic Commission or the EC Board, as the case may be, if he proves that he acted in good faith and exercised all due diligence, reasonable care and skill.

Protection for action taken under this Act

54. (1) Any expense incurred by the Economic Commission in any suit or prosecution brought by or against the Economic Commission before any Court, shall be paid out of the EC Fund and any costs paid to, or recovered by the Economic Commission in any such suit or prosecution shall be credited to the EC Fund.

Expenses in suit or prosecution to be paid out of the EC Fund

(2) Any expense incurred by any member of the EC Board, EC Director General, officer or employee of the Economic Commission or any member of the Invest SL Board in any suit or prosecution brought against such person before any court or tribunal in respect of any act which is done or is purported to be done by such person under the provisions of this Act or on the direction of the Economic Commission shall, if the court holds that such act was done in good faith, be paid out of the EC, Fund unless such expense is recovered by such person in such suit or prosecution.

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

Regulations

(2) In particular and without prejudice to the generality of the provisions contained in subsection (1), the Minister may, in consultation with the EC Board, make regulations in regard to –

- (a) determine the scope and extent of any exemption or modification of any of the written laws set out in the Schedule to this Part which may be required for the attainment of the objects of this Part especially for the promotion and facilitation of foreign direct investments;
- (b) provide for any matter which is deemed necessary to implement the provisions of this Part including but not limited to-
 - (i) specifying the procedure for investment promotion, facilitation and after care activities through the creation of legal entities and otherwise;
 - (ii) specifying the manner and procedure for the goods and services to be brought into or brought out of any declared investment zone, licensed enterprises or registered enterprises;
 - (iii) specifying the procedure for the promotion of international trade;
 - (iv) specifying the procedure for staff and all other matters connected thereto in respect of section 48:

Provided however, regulations shall not be made under this section providing terms and conditions less favourable than the terms and conditions of employment to which the officers and employees of the BOI holding

office on the day immediately preceding the appointed date were entitled;

- (v) specifying the fees and charges to be levied for any services provided under this Part;
- (vi) specifying the categories and criteria of registration and licensing under this Part;
- (vii) allocation of such staff to the Economic Commission and they shall be deemed to be employed by the Economic Commission with effect from the date of such regulation; and
- (viii) require all foreign investments falling under the repealed Board of Investment of Sri Lanka Law, No. 4 of 1978 to register with the Economic Commission within a period specified in the regulations made under this section.

(3) Every regulation made under this section 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 such regulation.

(4) Every regulation made under this section shall, within three months from the date of its publication in the *Gazette*, be placed before Parliament for approval. Every 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) Notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

Rules	<p>56. (1) Subject to the provisions of this Part, the Economic Commission may make rules in respect of all matters which rules are authorized to be made under this Part.</p> <p>(2) Every rule made by the Economic Commission shall be published in the <i>Gazette</i> and shall come into operation upon such publication.</p>
Removal of difficulties	<p>57. (1) If any difficulty arises in giving effect to the provisions of this Part, the Minister may, in consultation with the EC Board, by Order published in the <i>Gazette</i>, make provisions which are not inconsistent with the provisions of this Part, or any other written law, as appears to the Minister to be necessary or expedient for removing the difficulty:</p> <p>Provided that, no such Order shall be made after the expiry of a period of five years from the date of coming into operation of this Part.</p> <p>(2) Every Order made under this section shall, within three months after it is made, be laid before Parliament for approval and such Order shall become operative only upon receipt of the approval therefor of Parliament.</p>
This part to prevail	<p>58. In case of any inconsistency between the provisions of this Part and provisions of any other law relating to investments or the promotion of international trade or investment zones the provisions of this Part shall prevail.</p>
Interpretation	<p>59. (1) In this Part, unless the context otherwise requires-</p> <p>“foreign investment” means an investment made by a foreign investor as an investor in terms of this Part;</p> <p>“foreign investor” means a natural person or an enterprise recognized as a legal entity by the applicable laws of a foreign country, that has made an investment in Sri Lanka in terms of this Part;</p>

“investor” means a natural person or an enterprise recognized as a legal entity by the applicable laws, that has made an investment in Sri Lanka in terms of this Part;

“investment” means every kind of asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, which includes the commitment of capital or other resources for a certain duration, the expectation of gain or profit, or the assumption of risk including-

- (a) an enterprise;
- (b) shares, stock, and other forms of equity participation in an enterprise other than an investment made on a securities or stock exchange;
- (c) bonds, debentures, loans and other debt instruments of an enterprise;
- (d) turnkey, construction, management, production, concession, revenue-sharing and other similar contracts;
- (e) claims to money or to other assets or to any contractual performance having an economic value associated with an investment;
- (f) intellectual property rights in accordance with the relevant domestic laws;
- (g) licences, authorizations, permits and similar rights conferred pursuant to applicable domestic law; or

- (h) other tangible or intangible, movable or immovable property, and related property rights, such as leases, mortgages, liens and pledges,

but does not include-

- (i) an asset which lacks the characteristics of an investment, regardless of the form it may take;
- (ii) a donation; and
- (iii) an order or judgment entered in a judicial or administrative action.

“Investment Zones” shall mean export processing zones, industrial parks, special economic zones and other similar areas for the establishment of investments, whether declared under this Part or any other law referred to in this enactment and shall include licensed zones as referred to in the repealed Law;

“registered enterprise” means an enterprise approved or registered as the case may be under paragraph (h) of section 13;

“return” means an amount yielded by or derived from an investment, including profits, dividends, interest, capital gains, royalty payments, payments in connection with intellectual property rights, and all other lawful income;

“Specified Institution” means any of the entities named by regulations made under section 46.

(2) For the purpose of this Part-

(a) “loans and other debt instruments” and “claims to money or to any contractual performance” refer to assets which relate to a business activity associated with an investment and do not refer to assets which are of a personal nature, unrelated to any business activity associated with an investment;

(b) “claims to money” do not include-

- (i) claims to money that arise solely from commercial contracts for the sale of goods or services;
- (ii) the domestic financing of such contracts; or
- (iii) any order, judgment or arbitral award related to sub paragraph (i) or (ii).

SCHEDULE

(sections 45 and 55)

1. Customs Ordinance (Chapter 235)
2. Companies Act, No. 07 of 2007
3. Inland Revenue Act, No. 24 of 2017
4. Finance Act, No. 18 of 2021
5. Foreign Exchange Act, No. 12 of 2017
6. National Film Corporation of Sri Lanka Act, No. 47 of 1971
7. Merchant Shipping Act, No. 52 of 1971

*Economic Transformation
Act, No. 45 of 2024*

8. Civil Aviation Act, No. 14 of 2010
9. Ceylon Electricity Board Act, No. 17 of 1969
10. National Water Supply and Drainage Board Law, No. 2 of 1974
11. Sri Lanka Ports Authority Act, No. 51 of 1979
12. Ceylon Petroleum Corporation Act, No. 28 of 1961

PART III

CHAPTER XV

APPLICATION OF THIS PART

Application of
this Part

60. (1) The provisions of this Part shall apply to investment zones in Sri Lanka.

(2) The provisions of this Part shall not apply to the Colombo Port City Special Economic Zone established under section 2 of the Colombo Port City Economic Commission Act, No. 11 of 2021.

CHAPTER XVI

ESTABLISHMENT OF THE INVESTMENT ZONES SRI LANKA

Establishment of
Investment
Zones Sri Lanka

61. (1) There shall be established an entity called the Investment Zones Sri Lanka (in this Act referred to as the “Zones SL”).

(2) The Zones SL shall, by the name assigned to it under subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.

62. (1) The Zones SL shall have its principal office in Sri Lanka and may establish any office or other representation within or outside Sri Lanka.

Principal office and the departments under the Zones SL

(2) The Zones SL may establish such number of administrative units within the Zones SL as may be required for the efficient exercise, performance and discharge of its powers, duties and functions in terms of this Part.

63. (1) The Zones SL shall in the performance and discharge of its duties and functions, exercise the following powers: -

Powers of the Zones SL

- (a) to conduct studies it deems necessary to decide on the need for the creation or expansion of investment zones;
- (b) to make recommendations to the Economic Commission on the need for or expansion of investment zones;
- (c) to operate and manage investment zones on behalf of the Government of Sri Lanka in accordance with the provisions of this Part and create the necessary infrastructure containing state of the art facilities for investments located therein including roads, electric power, water supply, housing and such other facilities and amenities as required and implement such concessions and exercise such powers and discharge such functions as delegated to it by the Economic Commission under this Act;
- (d) to carry out detailed studies for the economic development projects through investment zones;
- (e) to establish and enhance the cooperation between inter agencies of every Ministry, department, Provincial Council, Provincial Ministry and

department and local authority and other persons or body of persons whether private or public in carrying out studies and implementation of investment zones and special development areas;

- (f) to supervise and regulate the management of investment zones;
- (g) to make recommendations to the Minister on making regulations in relation to the supervision, regulation, operation or management of the investment zones;
- (h) to cause to prepare an environmental impact assessment report in respect of any economic development projects, plans, programmes of schemes within the investment zones or special development areas;
- (i) to make recommendations to the Minister on policy matters on all aspects of declaration, approval or establishment, operation, management, supervision and regulation of investment zones declared and managed under this Part;
- (j) to ensure every investment zone maintains an environment for promoting investments thereby enhancing the employment opportunities;
- (k) to hold shares in a public-private partnership entity established for the purpose of developing and managing the designated economic development zone;
- (l) to impose or levy a charge for the services rendered by the Zones SL within the designated investment zones;

- (m) to appoint investment zone developer for each investment zone declared under this Part and to develop and manage the acquired land and different type of infrastructure thereof;
- (n) to allot land, building or site, on commercial basis in prescribed manner, to investors applied for establishing investment zones and service providers in investment zones;
- (o) to ensure infrastructure development of investment zones within specified period through monitoring of activities of its own and of economic zone developers;
- (p) to create opportunities for employment by promoting local and foreign investment including development of skilled labour force;
- (q) to encourage more efficient management and monitor programmes for implementing commitments on environment and other matters;
- (r) to purchase, take and hold any property, movable or immovable, which may become vested in it and to sell, mortgage, lease, convey, devise, assign, exchange or dispose of any such movable or immovable property;
- (s) to enter into any agreements as it deems fit with any party for the purpose of setting up the investment zones or any part or facilities within such investment zones;
- (t) to enter into lease agreements with investors approved for location within the investment zones;

- (u) to enter into sales, supply or lease or management agreements in respect of investment locations within investment zones;
- (v) to enter into agreements with other institutions or agencies to receive bulk supply, store, recoup or regenerate all utilities, including electricity, water, fuel and other energy sources and distribute to entities located within a specific investment zone, and charge for such utilities as appropriate, subject to compliance with industry accepted safety and environmental standards;
- (w) to levy and recover any fees, charges or other payments in respect of lease, rents and other facilities provided by the Zones SL within the investment zones;
- (x) to employ such officers and staff including consultants and advisors subject to such terms and conditions as the Zones SL may consider appropriate to enable it to discharge its functions under this Part;
- (y) to invest its funds in such manner as the Zones SL may deem necessary including the opening, operation and closing of bank accounts;
- (z) to receive grants, gifts or donations whether from local or foreign sources:
- (aa) to give special or general directives to any persons or entity for the purpose of discharging its objects and functions as set out above;
- (ab) to establish Special Purpose Vehicles at the zone level or by amalgamating several investment zones and also exit the investment if required to the private sector;

- (ac) to establish necessary social infrastructure developments including accommodation for workers within investment zones;
- (ad) to appoint experts or consultants as deemed necessary, to discharge its functions prudently; and
- (ae) to do any other acts as may be necessary or conducive to the attainment of the objects and discharge of functions of the Zones SL under this Part.

(2) Any land within any zone declared under subsection (1) of section 15 may be alienated or leased to any body-corporate for developing an investment zone to achieve the objects of the Zones SL and in accordance with any plans, programmes or schemes made under this Part.

(3) The Zones SL may, subject to any written law, undertake or approve the development, operation and maintenance and the financial assistance for appropriate infrastructure up to the perimeter of such designated investment zone.

(4) For the purpose of this section “Special Purpose Vehicles” means a company incorporated under the Companies Act, No. 07 of 2007.

64. The duties and functions of the Zones SL shall be-

Duties and functions of the Zones SL

- (a) to conduct studies on the need for investment zones to facilitate the national policies on investment, international trade, exports and investment zones formulated by the Economic Commission;
- (b) to identify and select sites for the establishment of investment zones;

- (c) to recommend such investment zones to the Economic Commission for obtaining approval of the Cabinet of Ministers to proceed with their establishment;
- (d) to manage and operate such investment zones whether directly or through any partnership, joint venture or management agreement or any other arrangement approved by the Economic Commission;
- (e) to exercise any of the powers of granting approvals and authorizations under the laws and regulations as provided for herein;
- (f) to cooperate with and liaise with any Governmental authority as may be necessary for facilitating the operations of and within the investment zones; and
- (g) to do all such other acts as may be necessary or conducive to the attainment of any or all of the above objects.

CHAPTER XVII

ADMINISTRATION AND MANAGEMENT OF THE ZONES SL

Composition of
the Zones SL
Board

65. (1) The administration and management of the affairs of the Zones SL shall be vested in a Board (in this Part referred to as the “Zones SL Board”).

(2) The Zones SL Board shall, for the purpose of administering and managing the affairs of the Zones SL, exercise, perform and discharge the powers, duties and functions conferred, assigned or imposed on Zones SL, by this Part or delegated to it by the Economic Commission under Part II for the purpose of administering the affairs of the Zones SL.

(3) The Zones SL Board shall consist of not more than seven members comprising of -

- (a) the following *ex officio* members: -
- (i) the Secretary to the Ministry of the Minister assigned the subject of Finance or his nominee, who shall be an officer not below the rank of a Deputy Secretary to the Ministry of the Minister assigned the subject of Finance;
 - (ii) the Secretary to the Ministry of the Minister or his nominee, who shall be an officer not below the rank of a Deputy Secretary to the Ministry of the Minister;
 - (iii) the Chairman of the Urban Development Authority established under the Urban Development Authority Law, No. 41 of 1978 or his nominee who shall be an officer not below the rank of a Director General of a Department of the Ministry of the Minister assigned the subject of Finance; and
 - (iv) the Chief Executive Officer of the Economic Commission; and

- (b) four persons having knowledge, expertise and experience and national or international recognition in the fields of either management, investment, finance, law, information technology, manufacturing or business, appointed by the Minister on the recommendation of the Economic Commission.

Chairperson of
the Zones SL
Board

66. (1) The Minister shall, in consultation with the Economic Commission, appoint one of the appointed members to be the Chairperson of the Zones SL Board.

(2) The Chairperson may resign from the office of the Chairperson by letter in that behalf addressed to the Minister and such resignation shall be effective from the date on which it is accepted in writing by the Minister.

(3) The Minister may, for reasons assigned therefor remove the Chairperson from the office of the Chairperson.

(4) Subject to the provisions of subsections (2) and (3), the term of office of the Chairperson shall be the period of his term of office as a member of the Zones SL Board.

(5) Where the Chairperson is temporarily unable to perform the duties of his office due to ill health, other infirmity, absence from Sri Lanka for a period not less than three months or any other cause, the Minister may appoint any other appointed member to act as the Chairperson, in addition to his normal duties.

Disqualifications
for being a
member of the
Zones SL Board

67. A person appointed to the Zones SL Board shall be disqualified from being appointed or nominated or from continuing as a member of the Zones SL Board if such person-

- (a) is, or becomes a Member of Parliament, or a member of any Provincial Council or any local authority;

- (b) is not or ceases to be a citizen of Sri Lanka;
- (c) is under any law in force in Sri Lanka or any other country, found or declared to be of unsound mind;
- (d) is a person who, having been declared as insolvent or bankrupt under any law in force in Sri Lanka or any other country is an undischarged insolvent or bankrupt;
- (e) is serving or has served a sentence of imprisonment imposed by a court of Sri Lanka or any other country;
- (f) holds or enjoys any right or benefit under any contract made by or in behalf of the Zones SL;
- (g) has any financial or other interest direct or indirect as is likely to affect prejudicially the exercise, performance and discharge by such person of his powers, duties and functions as a member of the Zones SL Board; or
- (h) has been previously removed from office.

68. Every appointed member of the Zones SL Board shall, unless such person vacates office earlier by death, resignation or removal, hold office for a period of three years from the date of appointment, and unless removed from office shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

Term of office

69. (1) Any appointed member of the Zones SL Board may, at any time, resign from his office by letter in that behalf addressed to the Minister, and such resignation shall take effect from the date on which the resignation is accepted in writing by the Minister.

Removal, resignation &c. of appointed members

(2) The Minister may remove any appointed member of the Zones SL Board, from office-

- (a) by written notice, if such person becomes incapable of effectively performing the duties of office due to ill health or incapacitation; or
- (b) being satisfied, upon consideration of representations made, that such person is guilty of fraud, grave misconduct or gross negligence, or being incapable of effectively discharging responsibilities vested on such person (including regular non-attendance of meetings) which warrants removal from office with immediate effect.

(3) A member shall be disqualified from continuing as a member of the Zones SL Board if such person absents himself from three consecutive meetings of the Zones SL Board or one third of the meetings for any calendar year without being excused for such absence by the Zones SL Board.

(4) In the event of the vacation of office by death, resignation or removal from office of any appointed member of the Zones SL Board, the Minister shall, having regard to the provisions of sections 65 and 67, appoint another person to fill such vacancy. Such person shall hold office for the un-expired period of the term of office of the member whom he succeeds, and unless removed from office, shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

Conflicts of
interest

70. (1) Any member of the Zones SL Board who has a direct or indirect interest in any person, company, investment or any other matter involving the exercise of discretion of the Zones SL Board or its vote or direction, shall forthwith inform the Chief Executive Officer of the Zones SL in writing of the nature and extent of such interest and such disclosure

shall be duly recorded at meetings of the Zones SL Board where such matters are discussed. Such member shall not participate at any meeting at which such matters are discussed or vote on any decision which directly or indirectly relates to such interest.

(2) If any member of the Zones SL Board fails or neglects to declare a conflict of interest as set out in subsection (1), such member shall be subject to disqualification from being a member of the Zones SL Board.

71. (1) The meetings of the Zones SL Board shall be held at least once in three months or as is required for the purpose of exercising, performing and discharging the powers, duties and functions conferred or imposed on, or assigned to the Zones SL Board by this Part.

Meeting
procedures

(2) The *quorum* for any meeting of the Zones SL Board shall be five members.

(3) A meeting of the Zones SL Board may be held either-

(a) by the number of members who constitute the *quorum* being assembled at the place, date and time appointed for the meeting; or

(b) by means of audio-visual communication by which all members participating and constituting the *quorum* can simultaneously see and hear each participating member for the duration of the meeting.

(4) All questions for decision at any meeting of the Zones SL Board shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.

(5) The Chairperson, if present, shall preside at every meeting of the Zones SL Board. In the absence of the Chairperson from any meeting of the Zones SL Board, any member elected by the members present shall preside at such meeting of the Zones SL Board.

(6) Subject to the preceding provisions of this section, the Zones SL Board may regulate the procedure to be followed for the summoning and holding of meetings of the Zones SL Board and the transaction of business at such meetings.

Acts or proceedings of the Zones SL Board deemed not to be invalid by reason of any vacancy

72. The Zones SL Board may act notwithstanding any vacancy among its members, and any act or proceeding of the Zones SL Board shall not be, or deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Remuneration of the members of the Zones SL Board

73. The Chairperson and the members of the Zones SL Board shall be paid such remuneration in such manner and at such rates as may be determined by the Minister, with the concurrence of the Minister assigned the subject of Finance.

Seal of the Zones SL

74. (1) The seal of the Zones SL shall be as determined by the Zones SL Board.

(2) The seal of the Zones SL—

(a) may be altered in such manner as may be determined by the Zones SL Board; and

(b) shall be in the custody of such person or persons as the Zones SL Board may determine from time to time.

(3) The seal of the Zones SL shall not be affixed to any instrument or document except with the sanction of the Zones SL Board and in the presence of the Chairperson and one other member of the Zones SL Board who shall sign the instrument or document in token of their presence:

Provided however, where the Chairperson is unable to be present at the time when seal of the Zones SL is affixed to any instrument or document, any other member of the Zones SL Board authorized in writing by the Chairperson on that behalf shall be competent to sign such instrument or document in accordance with the preceding provision of this subsection.

(4) The Zones SL Board shall maintain a register of the instruments and documents to which the seal of the Zones SL has been affixed.

CHAPTER XVIII

CHIEF EXECUTIVE OFFICER AND STAFF OF THE ZONES SL

75. (1) There shall be a Chief Executive Officer of the Zones SL (hereinafter referred to as the “Zones SL Chief Executive Officer”) appointed by the Zones SL Board, in consultation with the Economic Commission, who shall be the Accounting Officer of Zones SL.

Chief Executive
Officer of Zones
SL

(2) The qualifications and experience of the person who shall be appointed as the Chief Executive Officer of Zones SL and the terms and conditions of employment of the Chief Executive Officer of Zones SL shall be as prescribed by regulation.

(3) The Zones SL Chief Executive Officer shall, subject to the general or special directions and control of the Zones SL Board –

- (a) be charged with the administration of the affairs of the Zones SL including the administration and control of the staff;
- (b) be responsible for the execution of all decisions of the Zones SL Board; and
- (c) carry out all such functions as may be assigned to him by the Zones SL Board.

(4) The Zones SL Chief Executive Officer shall be entitled to be present and speak at any meeting of the Zones SL Board, but shall not be entitled to vote at such meeting.

(5) The Zones SL Board may delegate such of its powers, duties and functions under this Part, as it may determine, either to the Zones SL Chief Executive Officer or to any officer of the Zones SL and the Zones SL Chief Executive Officer or such employee of the Zones SL shall exercise, perform and discharge such delegated powers, duties and functions, subject to the direction and supervision of the Zones SL.

(6) The Zones SL Chief Executive Officer may, with the approval of the Zones SL Board, delegate in writing to any administrative unit or officer or employee of the Zones SL, such of the powers, duties or functions of the Zones SL Chief Executive Officer as may be considered necessary from time to time, and any such administrative unit, officer or employee to whom any such powers, duties or functions are delegated, shall be responsible for the same, and shall exercise, perform and discharge them subject to the direction and supervision of the Zones SL Board or the Zones SL Chief Executive Officer.

(7) The Zones SL Chief Executive Officer shall be responsible and answerable to the Zones SL Board in the exercise, performance and discharge of his powers, duties and functions under this Part.

(8) The Zones SL Board may, in consultation with the Economic Commission, and subject to the provisions of subsection (9), remove the Zones SL Chief Executive Officer from office-

- (a) if he becomes permanently incapable of performing his duties;
- (b) if he has done any act which, in the opinion of the Zones SL Board, is of a fraudulent or illegal character or is prejudicial to the interests of the Zones SL; or
- (c) if he has failed to comply with any directions issued by the Zones SL Board.

(9) Prior to being removed under subsection (8), the Zones SL Chief Executive Officer shall be issued a notice in writing to show cause as to why he should not be removed from office and be given an opportunity of being heard against any allegations made against him.

(10) The office of the Zones SL Chief Executive Officer shall become vacant upon the death, removal from office under subsection (8) or resignation by letter in that behalf addressed to the Minister by the holder of that office.

(11) If any vacancy occurs in the office of the Zones SL Chief Executive Officer, the Zones SL Board may, in consultation with the Economic Commission, appoint an appointed member of the Zones SL Board to exercise,

perform and discharge the powers, duties and functions of the Zones SL Chief Executive Officer until an appointment is made under subsection (1).

(12) The Zones SL Chief Executive Officer shall be paid such remuneration as may be determined by the Zones SL Board, in consultation with the Economic Commission.

Staff of the
Zones SL

76. (1) The Zones SL may create cadre positions and employ officers and employees as it considers necessary for the efficient discharge of its functions for the purposes of carrying out its duties and functions under the provisions of this Part.

(2) The Zones SL Board may, in respect of the officers and employees employed under subsection (1) –

- (a) determine the terms and conditions of employment of such officers and employees;
- (b) fix the rates at which such officers and employees shall be remunerated in consultation with the Minister assigned the subject of Finance;
- (c) exercise disciplinary control over or dismiss such officers and employees; and
- (d) implement a code of conduct which shall be applicable to such officers and employees.

(3) The Zones SL Board may make rules in respect of all or any of the matters referred to in subsection (2).

(4) The Zones SL shall promote and sponsor the training of technical personnel on the subjects of zone management and operation and other related subjects and

for this purpose, the Zones SL shall be authorized to defray the costs of study, in Sri Lanka or abroad of such officers.

(5) The Zones SL shall not appoint any person to its staff, if such person-

- (a) has been previously found guilty of a crime or an act of serious misconduct by a civil court or tribunal or has been subject to proceedings for a regulatory, code of conduct or related violation by a regulator in Sri Lanka or abroad; or
- (b) has committed a breach of the provisions of this Part or regulations, rules or directives made thereunder.

77. (1) At the request of the Zones SL any officer in the public service may, with the consent of the officer and the Public Service Commission be temporarily appointed to the Zones SL for such period as may be determined by the Zones SL or with like consent, be permanently appointed to such staff.

Appointment of public officers to the staff of the Zones SL

(2) Where any officer in the public service is temporarily appointed to the staff of the Zones SL, 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 such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the Zones SL, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis*, apply to and in relation to such officer.

(4) Where the Zones SL 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 with the Zones SL by that person shall be regarded as service to the Government, for the purpose of discharging the obligations of such contract.

CHAPTER XIX

FINANCE

Financial
management of
the Zones SL

78. The Zones SL Board shall be charged with the financial management of the Zones SL and the due operation and management of the Fund established in terms of section 79.

Fund of the
Zones SL

79. (1) The Zones SL shall have its own Fund (in this Part referred to as the “Zones SL Fund”).

(2) There shall be paid into the Zones SL Fund-

- (a) all such sums of money as may be voted by Parliament for the use of the Zones SL;
- (b) all such sums of money as may be received by the Zones SL through the exercise, performance and discharge of its powers, duties and functions either directly or through entities created by it under this Part;
- (c) all such sums of money as may be paid as fees under the provisions of this Part; and
- (d) all such sums of money received as development assistance from foreign Governments or agencies and from multilateral and bilateral agencies whether within or outside Sri Lanka:

Provided however, the Zones SL shall obtain prior written approval of the Department of External Resources, in respect of all foreign assistance received under this paragraph.

(3) There shall be paid out of the Zones SL Fund-

- (a) all such sums as are required to defray expenditure incurred by the Zones SL in the exercise, performance and discharge of its powers, duties and functions under this Part or under any other written law; and
- (b) up to ten *per centum* of the fees charged by the Zones SL to issue any licence under this Part, as may be determined by the Economic Commission under paragraph (m) of section 13.

(4) Monies belonging to the Zones SL Fund may be invested by the Zones SL in such manner as may be determined by the Zones SL Board.

80. (1) The financial year of the Zones SL shall be the calendar year.

Financial year
and audit of
accounts of the
Zones SL

(2) The Zones SL shall cause proper books of accounts to be kept of the income, expenditure, assets and liabilities and all other financial transactions of the Zones SL.

(3) The provisions of Article 154 of the Constitution relating to the audit of the accounts of public corporations shall apply to the audit of accounts of the Zones SL.

(4) The Zones SL Board shall submit the audited statement of accounts together with the auditor's report to the Minister to be tabled in Parliament.

CHAPTER XX

SITE SELECTION & C. OF INVESTMENT ZONES

Site selection
and
establishment of
Investment
Zones

81. (1) The Zones SL Board shall, in consultation with the Economic Commission, conduct studies on the requirements for investment zones to facilitate the accomplishment of the goals in the national policies on investment, international trade, exports and investment zones formulated by the Economic Commission.

(2) The Zones SL Board shall make recommendations to the Economic Commission for the establishment of investment zones based on findings of its studies. Such recommendations shall -

- (a) the business justification for the establishment of any investment zones;
- (b) site selection and location;
- (c) proposed sectors of activity which should be targeted, promoted and established within such investment zones;
- (d) the approvals and authorizations which shall be required for the establishment and operation of investments within such investment zones;
- (e) any incentives or exemptions which may need to be granted to investors to establish within such investment zones;
- (f) any ancillary support services which may be required from the Government or any local authorities or agencies for the purpose of providing

institutional framework and physical infrastructure to enable such investment zones to operate smoothly and efficiently;

- (g) the method of operating and managing such investment zones, whether directly by the Zones SL or as joint ventures with any other party including private parties, or on the basis of management agreements;
- (h) any charges or levies that may levied or imposed on any users within such investment zones; and
- (i) any other matters which may be relevant to the establishment and operation of such investment zones.

(3) Upon the Cabinet of Ministers approving the establishment of an investment zone, the Minister shall procure the vesting of such site to the Zones SL having acquired the proposed site under the Land Acquisition Act (Chapter 450) or by the grant or lease thereof under the Crown Lands Act (Chapter 454) as the case may require.

(4) Any land vested in terms of subsection (3) in the Zones SL shall be deemed to be for a public purpose.

82. The Zones SL shall be responsible for establishing the investment zones ensuring *inter alia* the following: -

Establishment of investment zones

- (a) making appropriate arrangements for creating the necessary regulatory, institutional and physical infrastructure for the operation of the investment zone, including but not limited to the preparation of site plans, supply of utilities and other

infrastructural services required for the purpose of facilitating the operations of investments which will be located within the investment zone;

- (b) obtaining pre-clearances and approvals from all relevant authorities which have continued powers over the activities of the investment zone;
- (c) ensuring that rules and procedures for the operation of the activities are duly adopted by the Minister by way of regulations;
- (d) entering into agreements as may be deemed necessary for the establishment, operation and management of the investment zone whether such parties are public or private individuals or entities; and
- (e) formulating schemes for the levy or charge of any services which may be provided to any person within the investment zones.

Operation and management of investment zones

83. The Zones SL Board shall, in consultation with the Economic Commission, determine the structure within which each investment zone shall be operated and managed. Without limiting the discretion of the Zones SL Board and the Economic Commission, such investment zones may be managed by the Zones SL Board, or as joint ventures with third parties, (whether local or foreign), or on the basis of management agreements.

Rights and obligations of investment zones developer or operator

84. (1) An investment zones developer or operator shall have the right to-

- (a) act or appoint, with the concurrence of the Zones SL, an operator to undertake management and administration of the investment zone on its behalf subject to such regulations and other licensing requirements as may be prescribed;
- (b) lease or sublease land or buildings to licensed investment zone operators and enterprises and charge rent or fees for other services that may be provided;
- (c) acquire investment zone lands or other assets;
- (d) develop, operate and service investment zones lands and other assets in conformity with applicable regulations and laws and its licences;
- (e) provide utilities and other services in the investment zone, in accordance with its licence and to charge fees for such services;
- (f) provide utilities and other services outside the investment zone in conformity with applicable written law;
- (g) enter into contracts with private third parties for the development, operation and servicing of investment zone lands and other assets, including on-site and off-site infrastructure;
- (h) enter and freely participate in international financial markets, without any legal impediments or restrictions to obtain funds, credits, guarantees, and other financial resources; and
- (i) advertise and promote the investment zone for which it holds a licence to potential investors and service providers.

(2) An investment zone developer shall, in such manner as may be prescribed-

- (a) perform such physical development works or make such improvements to the investment zone site and its facilities as may be required according to the plans approved by the Zones SL;
- (b) provide adequate enclosures to segregate the zone area from the customs territory for the protection of revenue together with suitable provisions for the movement of persons, conveyances, vessel and goods entering or leaving the zone;
- (c) provide or cause to be provided adequate security on the site, as may be determined by the Zones SL in its licence;
- (d) adopt and enforce regulations within the investment zone that promote safe and efficient business operations;
- (e) maintain adequate and proper accounts and other records in relation to its activities, employment statistics, business and report on zone activities, performance and development to the Zones SL on a periodic basis or as required by the Zones SL; and
- (f) register all lease with the Zones SL.

(3) The accounts and records required under paragraph (e) of subsection (2) shall be maintained in any of the official languages.

(4) An investment zone developer or an operator who fails to maintain adequate and proper accounts and other

records as required by this section or fails to comply with the rules or regulations made under this Part commits an offence and shall be liable on conviction to a fine not exceeding three million rupees or to an amount equivalent to not less than ten thousand United States Dollars (USD) or to imprisonment for a term not exceeding six months or to both.

85. The Zones SL Board may appoint any Technical Committee or experts whom it may deem necessary for its decision-making process.

Technical committees

86. (1) (a) The Zones SL shall endeavour to publish all laws, regulations, orders, rules and where legally permissible, judgments and administrative rules relating to the affairs of investment zones on a single website to provide investors with easy access to such information and material.

Transparency

(b) The Zones SL shall consult with and provide investors with adequate opportunity to make representations prior to taking decisions or the adoption of laws, regulations, rules, directions or orders which affect their rights as investors within the investment zones.

(2) Where any administrative proceedings are initiated against any investor or investment in respect of their rights within the investment zones, all the rights, procedures and due processes afforded to any citizen under the law in respect of such proceedings shall be afforded to the investor and to such investments.

87. (1) Any disputes between Zones SL and investors within the investment zones, shall be settled promptly and amicably through consultations and negotiations between the parties.

Dispute settlement between the Zones SL and investors

(2) Where an amicable solution cannot be reached, such investors shall have the right to use all other remedies under the laws of Sri Lanka.

Settlement of
labour disputes

88. The Zones SL shall provide for expeditious resolution of labour disputes and disputes between investors and workers employed within investment zones. Mechanisms such as alternate dispute resolution methods or any other means of dispute resolution may be prescribed by way of regulations for such purpose.

Incentives

89. Zones SL may recommend to the Economic Commission, the administrative incentives and exemption from laws specified in the Schedule to this Part to be granted to investors within the investment zones, from time to time.

CHAPTER XXI

GENERAL PROVISIONS

Special Powers
of the Zones SL
for expediting
approvals

90. (1) Where an investor that applies to the Zones SL for setting up of an investment within an investment promotion zone requires any approvals, authorizations or permits from Ministries, Government departments, agencies, Zones SL, regulatory authorities or bodies named by the Cabinet of Ministers on the recommendation of the Minister and prescribed by regulation made under this Part (hereinafter referred to as the “Specified Institutions”) the Zones SL shall be empowered to facilitate the procurement of such approvals, authorizations or permits.

(2) Where the Zones SL makes an inquiry or request to any Specified Institution for an approval, authorization, or permit in terms of subsection (1), such Specified Institution shall be obliged to respond to such inquiry or request either consenting to or objecting to such inquiry or request within fifteen days of such inquiry or request being made. If the Specified Institution refuses to respond to such inquiry or denies such request, written reasons for such refusal or denial shall be provided in writing within such period of twenty one days.

(3) All Specified Institutions shall be required to collaborate with the Zones SL to enable it to perform its functions and meet its objects.

(4) The Minister may by regulations made under this Part prescribe procedures for such collaboration, which shall be complied with by Specified Institutions in line with standing operating procedures on granting approvals for investment projects formulated by the Zones SL through a consultative process.

(5) If a Specified Institution refuses, denies or fails to respond to an inquiry or request as per the regulations made under subsection (1) or (4), the Zones SL shall if deemed appropriate, refer such refusal, denial or failure to the Minister forthwith, who shall, within two weeks refer the matter to the Cabinet of Ministers for appropriate action.

91. All members of the Zones SL Board, Zones SL Chief Executive Officer and the officers and other employees of the Zones SL shall be deemed to be public servants within the meaning, and for the purposes of the Penal Code (Chapter 19).

Members,
officers and
other employees
of the Zones SL
deemed to be
public servants

92. The Zones SL shall be deemed to be a scheduled institution within the meaning of the Anti-Corruption Act, No. 9 of 2023, and the provisions of that Act shall be construed accordingly.

Zones SL
deemed to be a
scheduled
institution

93. No civil or criminal proceedings shall be instituted against any members of the Zones SL Board, Zones SL Chief Executive Officer, officer or employee of the Zones SL for any act which in good faith is done or purported to be done by him under this Part or on the directions of the Zones SL Board, as the case may be, if he proves that he acted in good faith and exercised all due diligence, reasonable care and skill.

Protection for
action taken
under this Act

Regulations

94. (1) The Minister may, in consultation with the Zones SL, make regulations in respect of all matters which are required by this Part to be prescribed or in respect of which regulations are authorized to be made.

(2) In particular and without prejudice to the generality of the provisions contained in subsection (1), the Minister may make regulations in regard to –

- (a) determine the scope and extent of any exemption or modification of any of the written laws set out in the Schedule to this Part which may be required for the attainment of the objects of this Part;
- (b) provide for any matter which is deemed necessary for discharge of the provisions of this Part including but not limited to specifying-
 - (i) procedure for allocation of sites and registration within the investment zones;
 - (ii) procedures for operation within the investment zones;
 - (iii) procedures for the matters which will include customs procedures, exemption and pre-clearances and the treatment of which shall be processed therein;
 - (iv) criteria and procedures for registration, approvals and licensing under this Part or for those required under any other applicable laws;
 - (v) matters relating to staff and all other matters connected thereto:

Provided however, regulations shall not be made under this section providing terms less favourable than the terms and conditions of employment to which the officers and employees of the BOI holding office on the day immediately preceding the appointed date were entitled;

- (vi) fees and charges to be levied for any services provided under this Part; and
- (vii) require all investments falling under this Part to register with the Zones SL within a period specified in the said regulation.

(3) Every regulation made under this section, 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 such regulation.

(4) Every regulation made under this section shall, within three months from the date of its publication in the *Gazette*, be placed before Parliament for approval. Every 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) Notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

95. (1) Subject to the provisions of this Part, the Zones SL may make rules in respect of all matters which rules are authorized to be made under this Part. Rules

(2) Every rule made by Zone SL shall be published in the *Gazette* and shall come into operation upon such publication.

Removal of
difficulties

96. (1) If any difficulty arises in giving effect to the provisions of this Part, the Minister may, by Order published in the *Gazette*, make provisions which are not inconsistent with the provisions of this Part or any other written law, as appears to the Minister to be necessary or expedient for removing the difficulty:

Provided that, no such Order shall be made after the expiry of a period of five years from the date of commencement of this Part.

(2) Every Order made under this section shall, within three months after it is made, be laid before Parliament for approval and such Order shall become operative only upon receipt of the approval therefor of Parliament.

This part to
prevail

97. In case of any inconsistency between the provisions of this Part and provisions of any other law relating to investment zones (save and except the Colombo Port City Economic Commission Act, No. 11 of 2021) the provisions of this Part shall prevail.

Interpretation

98. In this Part, unless the context otherwise requires-

“Board of Investment” means, the Board of Investment established under the Board of Investment of Sri Lanka Law, No. 4 of 1978;

“investment zones” mean, export processing zones, industrial parks, special economic zones, logistics zones or any sector based special economic zones and other similar areas for the establishment of investments, whether declared under this Part or any other law referred to in this Part and shall include areas of authority and licensed zones as referred to in the Board of Investment of Sri Lanka Law, No. 4 of 1978; and

“social infrastructure” means, essential facilities for the wellbeing and productivity enhancement of the employees of the enterprises and shall include day care centers, medical centers, accommodation, recreation facilities.

SCHEDULE

(sections 89 and 94)

1. Customs Ordinance (Chapter 235)
2. Companies Act, No. 07 of 2007
3. Inland Revenue Act, No. 24 of 2017
4. Finance Act, No. 18 of 2021
5. Foreign Exchange Act, No. 12 of 2017
6. National Film Corporation of Sri Lanka Act, No. 47 of 1971
7. Merchant Shipping Act, No. 52 of 1971
8. Civil Aviation Act, No. 14 of 2010
9. Ceylon Electricity Board Act, No. 17 of 1969
10. National Water Supply and Drainage Board Law, No. 2 of 1974
11. Sri Lanka Ports Authority Act, No. 51 of 1979
12. Ceylon Petroleum Corporation Act, No. 28 of 1961

PART IV

CHAPTER XXII

ESTABLISHMENT OF THE OFFICE FOR INTERNATIONAL TRADE

Establishment of
the Office for
International
Trade

99. (1) There shall be established an office which shall be called the Office for International Trade (in this Act referred to as the “OIT”).

(2) The OIT 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 that name.

Objects of the
OIT

100. The objects of the OIT shall, in accordance with the Government policies, be –

- (a) to promote and develop international trade of Sri Lanka;
- (b) to coordinate international trade activities of Sri Lanka;
- (c) to facilitate the growth of exports of Sri Lankan products and services;
- (d) to promote Sri Lanka as a major trade, business and logistical hub of the Indian Ocean region; and
- (e) to serve as the lead agency for the implementation and coordination of international trade activities of Sri Lanka.

Powers, duties
and functions of
the OIT

101. (1) The powers, duties and functions of the OIT shall be-

- (a) to make recommendations to the Minister on international trade activities including measures to-
 - (i) remove or reduce market access barriers and, facilitate the entry of Sri Lankan goods and services into international markets;
 - (ii) ensure equitable treatment in international markets for Sri Lankan goods and services in general and industrial, agricultural and fisheries products in particular; and
 - (iii) increase the exports of Sri Lankan goods and services;
- (b) to recommend to the Minister, where necessary, changes to the import and export policies of the Government of Sri Lanka with a view to facilitating international trade of Sri Lanka;
- (c) to conduct-
 - (i) feasibility studies prior to initiating; and
 - (ii) stakeholder consultations throughout the process of,

bi-lateral, multi-lateral, regional and international trade negotiations;
- (d) to assist Ambassador for International Trade appointed under subsection (1) of section 114, to carry out bilateral, multilateral, regional and international trade negotiations approved by the Cabinet of Ministers;

- (e) to appoint an International Trade Officer to such countries, subject to such terms and conditions, in consultation with the following persons: -
- (i) the Secretary to the Ministry of the Minister assigned the subject of Finance;
 - (ii) the Secretary to the Ministry of the Minister assigned the subject of Foreign Affairs;
 - (iii) the Secretary to the Ministry of the Minister assigned the subject of Investment; and
 - (iv) the Secretary to the Ministry of the Minister assigned the subject of Trade:

Provided however, the Minister shall in consultation with the OIT Board and persons referred to in subparagraph (i) to (iv), prescribed by regulations, the powers, duties and functions of such international trade officer;

- (f) to promote Sri Lanka's bi-lateral trade with other countries, expanding the number of countries for conducting bi-lateral trade;
- (g) to appoint, employ, remunerate and exercise disciplinary control over and dismiss such officers and other employees as are necessary for the exercise, performance and discharge of the powers, duties and functions of the OIT under this Act;
- (h) to purchase and hold any movable or immovable property, and give on lease or hire, mortgage, pledge, sell or otherwise dispose of any of the movable or immovable property purchased or held by the OIT, for the purposes of the OIT;

- (i) to enter into and perform all such contracts as it may consider necessary for the exercise, performance and discharge of its powers, duties and functions;
- (j) to accept development assistance from multilateral agencies, whether in cash or otherwise, from persons or bodies of persons within or outside Sri Lanka and apply them in the exercise, performance and discharge of its powers, duties and functions under this Act:

Provided however, the OIT shall obtain prior written approval of the Department of External Resources, in respect of all foreign assistance received under this paragraph;

- (k) to engage in research and publications in relation to international trade;
- (l) to collect and maintain statistics on Sri Lanka's international trade; and
- (m) to generally do such other acts or things necessary for the achievement of the objects of the OIT.

(2) The OIT shall exercise, perform and discharge all powers, duties and functions specified in any law in respect of international trade.

CHAPTER XXIII

ADMINISTRATION AND MANAGEMENT OF THE OIT

102. (1) The administration and management of the affairs of the OIT shall be vested in a Board of Management (in this Act referred to as the "OIT Board").

Constitution of
the Board of
Management of
the OIT

(2) The OIT Board shall, for the purpose of administering and managing the affairs of the OIT, exercise, perform and discharge the powers, duties and functions conferred or imposed on, or assigned to, the OIT by this Part.

(3) The OIT Board shall consist of-

- (a) the Ambassador for international trade appointed under section 114 who shall be the Chairperson of the OIT Board and Chief Executive Officer of the OIT;
- (b) the Secretary to the Treasury or his representative; and
- (c) five other persons who possess knowledge and experience in the field of international trade, appointed by the President with the concurrence of the Constitutional Council (in this Act referred to as the “appointed members”).

Disqualifications
for being a
member of the
OIT Board

103. A person shall be disqualified from being appointed or continuing as a member of the OIT Board, if such person –

- (a) is, or becomes a member of Parliament, member of any Provincial Council or any local authority;
- (b) is not, or ceases to be, a citizen of Sri Lanka;
- (c) is, or becomes a citizen of Sri Lanka who is also a citizen of any other country;
- (d) is a person who, having been declared as insolvent or bankrupt under any law in force in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt;

- (e) is under any law in force in Sri Lanka or in any other country, found or declared to be of unsound mind;
- (f) is serving or has served a sentence of imprisonment imposed by a court of Sri Lanka or any other country;
- (g) holds or enjoys any right or benefit under any contract made by, or on behalf of, the OIT; or
- (h) has any financial or other interest direct or indirect as is likely to affect prejudicially the exercise, performance and discharge by such person of his powers, duties and functions as a member of the OIT Board.

104. Every appointed member of the OIT Board shall, unless he vacates office earlier by death, resignation or removal, hold office for a period of four years from the date of his appointment, and unless removed from office, shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

Term of office
of the appointed
members of the
OIT Board

105. (1) Any appointed member of the OIT Board may, at any time, resign his office by letter in that behalf addressed to the President, and such resignation shall take effect from the date on which the resignation is accepted in writing by the President.

Removal,
resignation &c.,
of appointed
members

(2) The President may, for reasons assigned therefor, remove any appointed member from office. An appointed member who has been removed from office shall not be eligible for re-appointment as a member of the OIT Board or to serve the OIT in any other capacity.

(3) In the event of the vacation of office by death, resignation or removal from office of any appointed member, the President shall, having regard to the provisions of sections 102 and 103, appoint another person to fill such vacancy. Such person shall hold office for the un-expired period of the term of office of the member whom he succeeds, and unless removed from office, shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

(4) Where any appointed member of the OIT Board is temporarily unable to perform the duties of his office on account of ill health or any other cause, or if he is absent from Sri Lanka for a period not less than three months, the President shall, having regard to the provisions of sections 102 and 103, appoint any other person to act in place of such member during his absence.

(5) Where any appointed member of the OIT Board fails to attend three consecutive meetings of the OIT Board without notifying his absence in advance to the Chairperson, such member shall be deemed to have vacated his office from the date of such third meeting and the President shall, having regard to the provisions of sections 102 and 103, appoint another person to fill such vacancy.

Financial or
other interests of
the members of
the OIT Board

106. (1) The President shall, prior to appointing a person as a member of the OIT Board, require such person to declare that neither he nor any of his family members has any financial or other interest in the affairs of the OIT which is likely to affect prejudicially the exercise, performance and discharge of his powers, duties and functions as a member of the OIT Board and satisfy himself of the matters so disclosed.

(2) The President shall also satisfy himself, from time to time, that no member of the OIT Board has, since being appointed to the OIT, acquired any such financial or other interest specified in subsection (1).

(3) A member of the OIT Board who is directly or indirectly interested in any contract, agreement or business or any other matter made or proposed to be made by the OIT shall forthwith disclose the nature and extent of his interest to the OIT Board and to the President and every such disclosure shall be recorded in the minutes of the OIT Board and such member shall not thereafter participate in any matter concerning with the OIT, until such time as the President takes a decision thereon.

(4) The OIT Board shall maintain a register or record of conflict of interests on a case-by case basis.

107. An appointed member of the OIT Board shall not accept or hold any other office or employment connected with international trade, whether remunerated or not, -

Restriction on employment

- (a) in any public or private institution during his term of office; and
- (b) in any private institution connected with international trade until the expiration of a period of three years from the date of expiry of his term of office or from the date of vacating office by resignation or removal, as the case may be.

108. (1) The meetings of the OIT Board shall be held at least once in every month or as is required for the purpose of exercising, performing and discharging the powers, duties and functions conferred or imposed on, or assigned to the OIT Board by this Part.

Quorum and the meetings of the OIT Board

(2) The *quorum* for any meeting of the OIT Board shall be five members.

(3) A meeting of the OIT Board may be held either-

- (a) by the number of members who constitute the *quorum* being assembled at the place, date and time appointed for the meeting; or
- (b) by means of audio-visual communication by which all members participating and constituting the *quorum* can simultaneously see and hear each participating member for the duration of the meeting.

(4) All questions for decision at any meeting of the OIT Board shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.

(5) The Chairperson, if present, shall preside at every meeting of the OIT Board. In the absence of the Chairperson from any meeting of the OIT Board, any member elected by the members present shall preside at such meeting of the OIT Board.

(6) Subject to the preceding provisions of this section, the OIT Board may regulate the procedure to be followed for the summoning and holding of meetings of the OIT Board and the transaction of business at such meetings.

Acts or proceedings of the OIT Board deemed not to be invalid by reason of any vacancy

109. The OIT Board may act notwithstanding any vacancy among its members, and any act or proceeding of the OIT Board shall not be, or deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

110. The members of the OIT Board shall be paid such remuneration in such manner and at such rates as may be determined by the President, in consultation with the Minister assigned the subject of Finance.

Remuneration of the members of the OIT Board

111. (1) The OIT Board may, whenever it considers necessary, invite experts to any meeting of the OIT Board, who have expertise on any subject which is dealt with by the OIT Board at such meeting, for the purpose of obtaining their views on such subject matter for the effective discharge of the functions of the OIT:

OIT Board to invite experts to meetings

Provided however, the OIT Board shall have the absolute discretion of accepting or rejecting the views of such experts.

(2) The experts shall have no voting rights.

(3) The experts may be paid such honorarium as may be determined by the OIT Board for attending the meetings of the OIT Board.

(4) Every expert invited by the OIT Board shall, prior to being engaged by the OIT Board, make a declaration required by section 124 and keep confidential all matters discussed by the OIT Board and any other information acquired by such expert in terms of his engagement with the OIT. Every such expert shall also make a declaration that he has no financial or other interest in the affairs of the OIT as specified in subsection (1) of section 106.

112. (1) The seal of the OIT shall be as determined by the OIT Board.

Staff of the OIT

(2) The seal of the OIT –

- (a) may be altered in such manner as may be determined by the OIT Board; and
- (b) shall be in the custody of such person or persons as the OIT Board may determine, from time to time.

(3) The seal of the OIT shall not be affixed to any instrument or document except with the sanction of the OIT Board and except in the presence of the Chairperson and one other member of the OIT Board, who shall sign the instrument or document in token of their presence:

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

(4) The OIT Board shall maintain a register of instruments and documents to which the seal of the OIT has been affixed.

Delegation of powers, duties and functions of the OIT Board

113. (1) The OIT Board may, by rules made in that behalf under this Part, delegate any of its powers, duties and functions to any officer of the OIT who shall be an officer not below the rank of a Director.

(2) An officer to whom any power, duty or function is delegated under subsection (1), shall exercise, perform or discharge such power, duty or function, subject to such directions as may be given by the OIT Board.

CHAPTER XXIV

AMBASSADOR FOR INTERNATIONAL TRADE

114. (1) The President shall, with the concurrence of the Constitutional Council, appoint a person who possesses knowledge and experience in the field of international trade, to be the Ambassador for International Trade-

Ambassador for
International
Trade

- (a) who shall be the chief negotiator for international trade negotiations; and
- (b) for the purpose of conducting Sri Lanka's international trade relations.

(2) It shall be the duty of the Ambassador for International Trade to coordinate international trade matters and negotiations concerning the World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD), any country or country groupings in relation to international trade matters and negotiations, the Commonwealth and other international trade negotiations.

(3) The Ambassador for International Trade may, at any time, resign his office by letter in that behalf addressed to the President, and such resignation shall take effect from the date on which it is accepted in writing by the President.

(4) The President may, with the concurrence of the Constitutional Council, remove the Ambassador for International Trade from office-

- (a) if he becomes permanently incapable of performing his duties;

- (b) if he has done any act which, in the opinion of the OIT Board, is of a fraudulent or illegal character or is prejudicial to the interests of the OIT; or
- (c) if he has failed to comply with any directions given by the OIT Board.

(5) The Ambassador for International Trade shall, unless he vacates office earlier by death, resignation or removal, hold office for a period of four years from the date of his appointment, and unless removed from office, shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

(6) In the event of the vacation of office by death, resignation or removal from office of the Ambassador for International Trade, the President shall, in terms of the provisions of subsection (1), appoint another person to fill such vacancy. Such person shall hold office for the unexpired period of the term of office of the person whom he succeeds, and unless removed from office, shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

(7) Where the Ambassador for International Trade is temporarily unable to perform the duties of his office on account of ill health or any other cause, or if he is absent from Sri Lanka for a period not less than three months, the President shall, in terms of the provisions of subsection (1), appoint a member of the OIT Board to temporarily act as the Ambassador for International Trade during his absence.

(8) The Ambassador for International Trade shall be paid such remuneration in such manner and at such rates as may be determined by the President, in consultation with the Minister assigned the subject of Finance.

115. The Ambassador for International Trade shall not accept or hold any other office or employment, whether remunerated or not-

Restriction on
employment

- (a) in any public or private institution during his term of office as the Ambassador for International Trade; and
- (b) in any private institution connected with international trade until the expiration of a period of three years from the date of expiry of his term of office or from the date of vacating office by resignation or removal, as the case may be.

116. (1) The OIT Board may delegate any of its powers, duties and functions to the Ambassador for International Trade.

Delegation of
powers, duties
and functions of
the OIT Board
to the
Ambassador for
International
Trade

(2) The Ambassador for International Trade shall exercise, perform and discharge the powers, duties and functions assigned to him by the OIT Board under subsection (1), subject to the general or special directions of the OIT Board.

(3) The OIT Board may, at any time, revoke the powers, duties and functions delegated to the Ambassador for International Trade.

CHAPTER XXV

DIRECTOR GENERAL AND OTHER STAFF OF THE OIT

117. (1) There shall be a Director General of the OIT (in this Act referred to as the “OIT Director General”) appointed by the Minister in consultation with the OIT Board.

Director General
of the OIT

(2) The qualifications and experience of the person who shall be appointed as the OIT Director General and the terms and conditions of employment of the OIT Director General shall be as prescribed by regulations.

(3) The OIT Director General shall, subject to the general or special directions and control of the OIT Board –

- (a) be charged with the administration of the affairs of the OIT including the administration and control of the staff;
- (b) be responsible for the execution of all decisions of the OIT Board;
- (d) assist the Ambassador for International Trade in carrying out his powers, duties and functions under this Part; and
- (e) carry out all such functions as may be assigned to him by the OIT Board.

(4) The OIT Director General shall be entitled to be present and speak at any meeting of the OIT Board, but shall not be entitled to vote at such meeting.

(5) The OIT Director General may, with the written approval of the OIT Board, whenever he considers it necessary to do so, delegate in writing to any officer or employee of the OIT any power, duty or function conferred or imposed on, or assigned to him by this Part, and such officer or employee shall exercise, perform or discharge such power, duty or function, subject to the general or special directions of the OIT Director General.

(6) The OIT Director General shall be responsible and answerable to the OIT Board in the exercise, performance and discharge of his powers, duties and functions under this Part.

(7) The Minister may, in consultation with the OIT Board, and subject to the provisions of subsection (8), remove the OIT Director General from office-

- (a) if he becomes permanently incapable of performing his duties;
- (b) if he has done any act which, in the opinion of the OIT Board, is of a fraudulent or illegal character or is prejudicial to the interests of the OIT; or
- (c) if he has failed to comply with any directions issued by the OIT Board.

(8) Prior to being removed under subsection (7), the OIT Director General shall be issued a notice in writing to show cause as to why he should not be removed from office and be given an opportunity of being heard against any allegations made against him.

(9) The office of the OIT Director General shall become vacant upon the death, removal from office under subsection (7) or resignation by letter in that behalf addressed to the Minister by the holder of that office.

(10) If any vacancy occurs in the office of the OIT Director General, the Minister may, in consultation with the OIT Board, appoint an appointed member of the OIT Board to exercise, perform and discharge the powers, duties and functions of the OIT Director General until an appointment is made under subsection (1).

(11) The OIT Director General shall be paid such remuneration as may be determined by the Minister with the concurrence of the Minister assigned the subject of Finance.

staff of the OIT

118. (1) The OIT may appoint as staff of the OIT such number of officers and other employees as may be necessary for the efficient exercise, performance and discharge of its powers, duties and functions under this Part.

(2) The OIT Board may, in respect of the officers and other employees appointed to the OIT under subsection (1) –

- (a) determine the terms and conditions of employment of such officers and employees;
- (b) fix the rates at which such officers and employees shall be remunerated in keeping with related guidelines of the Government and in consultation with the Minister assigned the subject of Finance; and
- (c) exercise disciplinary control over or dismiss such officers and employees.

(3) The OIT Board may make rules in respect of all or any of the matters referred to in subsection (2).

(4) The OIT shall not appoint as an officer or other employee of the OIT, any person who has been dismissed from any previous position held by such person in the public or private sector.

Appointment of
public officers
to the staff of
the OIT

119. (1) At the request of the OIT, any officer in the public service may, with the consent of that officer and the Public Service Commission, be temporarily appointed to the staff of the OIT for such period as may be determined by the OIT or with like consent, be permanently appointed to such staff.

(2) Where any officer in the public service is temporarily appointed to the staff of the OIT, 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 such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the OIT, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991 shall, *mutatis mutandis*, apply to and in relation to such officer.

(4) Where the OIT 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 with the OIT by that person shall be regarded as service to the Government, for the purpose of discharging the obligations of such contract.

CHAPTER XXVI

FINANCE

120. (1) The OIT shall have its own Fund. Fund of the OIT

(2) There shall be paid into the Fund of the OIT all such sums of money as may be voted upon from time to time by Parliament for the use of the OIT.

(3) There shall be paid out of the Fund of the OIT all such sums of money as are required to defray any expenditure incurred by the OIT in the exercise, performance and discharge of its powers, duties and functions under this Part.

121. (1) The financial year of the OIT shall be the calendar year. Financial year and audit of accounts of the OIT

(2) The OIT shall cause proper books of accounts to be kept of the income, expenditure, assets and liabilities and all other financial transactions of the OIT.

(3) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to, and in respect of, the audit of the accounts of the OIT.

CHAPTER XXVII

GENERAL PROVISIONS

Establishment of
committees or
panels

122. (1) The OIT Board may establish committees or panels to assist it in the exercise, performance and discharge of its powers, duties and functions assigned to it under this Part.

(2) Every such committee or panel shall consist of such number of members as may be determined by the OIT Board, not below the rank of an Additional Secretary of the relevant Ministry and the heads of the relevant Government institutions functioning under such Ministry or such senior officers as may be authorised by the heads of such Government institutions, nominated by the Secretary to such Ministry.

(3) The provisions of sections 103 and 106 shall, *mutatis mutandis* apply to the members of the committees or panels established under subsection (1), in relation to the disqualifications for appointment and financial or other interests.

(4) The members of the committees or panels may be paid such honorarium in such manner and at such rates as may be determined by the President in consultation with the Minister assigned the subject of Finance.

123. (1) The OIT shall, within six months of the end of each financial year, submit to the President an annual report of the activities carried out by the OIT and the progress in respect of international trade including the individual countries with which bi-lateral trade is conducted during that financial year. The following documents shall be attached to such report: -

Annual
report

- (a) the audited accounts of the OIT for the year along with the Auditor-General's report; and
- (b) a report of proposed activities for the year immediately following the year to which such report and accounts relate.

(2) The President shall, within three months from the date of receipt of the annual report, table such report along with the documents specified in subsection (1) in Parliament, for its consideration.

124. Every member of the OIT Board, OIT Director General and all officers and other employees of the OIT shall, before entering upon their duties, make a declaration pledging themselves to observe strict secrecy in respect of all matters connected with the affairs of the OIT, which has come to their knowledge in the exercise, performance and discharge of their powers, duties and functions under this Part, and shall by such declaration pledge themselves not to disclose any such matter, except –

Declaration of
secrecy

- (a) when required to do so by a court of law; or
- (b) in order to comply with any of the provisions of the Right to Information Act, No. 12 of 2016.

Directions to be issued by the Minister

125. (1) The Minister may, from time to time, issue to the OIT in writing such general or special directions as to the exercise, performance and discharge of the powers, duties and functions of the OIT so as to ensure giving proper effect to the Government policy relating to the objects of the OIT, and it shall be the duty of the OIT to comply with such directions.

(2) The Minister may, from time to time, in writing, direct the OIT to furnish to him in such form as he may require, returns, accounts and any other information with respect to the property and activities of the OIT, and it shall be the duty of the OIT to comply with such directions.

Members, officers and other employees of the OIT deemed to be public servants

126. All members of the OIT Board, OIT Director General and the officers and other employees of the OIT shall be deemed to be public servants within the meaning, and for the purposes of the Penal Code (Chapter 19).

OIT deemed to be a scheduled institution

127. The OIT shall be deemed to be a scheduled institution within the meaning, and for the purposes of the Anti-Corruption Act, No. 9 of 2023 and the provisions of that Act shall be construed accordingly.

Expenses in suit or prosecution to be paid out of the Fund of the OIT

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

(2) Any expense incurred by any member of the OIT Board, the OIT Director General or any officer or other employee of the OIT in any suit or prosecution brought against such person before any court or tribunal in respect of any act which is done or is purported to be done by such

person under the provisions of this Part or on the direction of the OIT shall, if the court holds that such act was done in good faith, be paid out of the Fund of the OIT, unless such expense is recovered by such person in such suit or prosecution.

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

Regulations

(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 regulations.

(3) Every regulation made by the Minister shall, within three months after its publication in the *Gazette*, be brought before Parliament for approval.

(4) Any such regulation which is not so approved shall be deemed to be rescinded as from the date of its disapproval, but without prejudice to anything duly done thereunder.

(5) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the *Gazette*.

130. (1) Subject to the provisions of this Part, the OIT Board may make rules in respect of any matter for which rules are authorised to be made under this Part or all or any of the following matters: –

Rules

- (a) for the regulation of the procedure to be followed for the summoning and holding of meetings of the OIT Board and the transaction of business at such meetings; and

(b) any other matter connected with the management of the affairs of the OIT.

(2) Every rule made by the OIT Board shall be published in the *Gazette* and shall come into operation upon such publication.

Interpretation

131. In this Part, unless the context otherwise requires-

“Minister” means the Minister assigned the subject of, and functions relating to, the Office for International Trade under Article 44 or 45 of the Constitution.

PART V

CHAPTER XXVIII

ESTABLISHMENT OF THE NATIONAL PRODUCTIVITY COMMISSION

Establishment
of the
National
Productivity
Commission

132. (1) There shall be established a Commission called and known as the National Productivity Commission (hereinafter referred to as the “Productivity Commission”).

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

(3) The Productivity Commission shall be an independent body and accountable to Parliament.

(4) The independence of the Productivity Commission shall be respected at all times.

(5) A person shall not cause undue influence, or interfere with the Productivity Commission in the exercise, performance and discharge of its powers, duties and functions under this Part.

133. The object of the Productivity Commission shall be to promote economic growth through increased productivity for the improvement of wellbeing of people in a sustainable manner.

Object of
the Productivity
Commission

134. The Productivity Commission shall have the following powers to perform and discharge its duties and functions, as are necessary for the achievement of the object of the Productivity Commission: -

Powers of the
Productivity
Commission

- (a) subject to the provisions of section 154, request information, data, statistics, or documents from any public institution or person;
- (b) publish and disseminate the findings of an inquiry or research conducted by the Productivity Commission and its recommendations made to the relevant authorities to the extent permitted under the Right to Information Act, No. 12 of 2016;
- (c) open, maintain and operate current, savings or other deposit accounts in any bank and, if necessary, to close such accounts;
- (d) enter into and perform all such contracts or agreements as may be necessary for the exercise of the powers and the carrying out of the object of the Productivity Commission;

- (e) hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any movable or immovable property of the Productivity Commission; and
- (f) generally, to do all such acts and things authorized by this Part and rules made thereunder for the achievement of the object of the Productivity Commission.

Duties and
functions of the
Productivity
Commission

135. (1) The duties and functions of the Productivity Commission shall be to -

- (a) make recommendations to the relevant authorities based on evidence and comprehensive analysis in order to increase productivity and economic performance including but not limited to the following: -
 - (i) streamlining regulation of productivity;
 - (ii) promoting healthy competition and contestable markets;
 - (iii) catalysing structural transformation; and
 - (iv) encouraging international competitiveness;
- (b) make recommendations to the Government on introducing a national competition policy and advise on subsequent revisions as needed from time to time;
- (c) conduct public inquiries and evidence-based research on issues related to productivity, either in-house or contracted out, and disclose the methodologies used for such inquiry or research;

- (d) carry out, performance, monitoring, evaluation and benchmarking on the productivity;
- (e) report annually to Parliament on the productivity trends within the first four months of the following year; and
- (f) advocate on the need for productivity improvement.

(2) In the performance and discharge of its duties and functions referred to in subsection (1), the Productivity Commission shall-

- (a) act as referred to by the Cabinet of Ministers or Parliament or on its own initiative;
- (b) consider both the private sector and the public sector including both tradable and non-tradable goods and services;
- (c) recognize the interests of the people and those affected by the recommendations of the Productivity Commission; and
- (d) ensure sustainable economic development.

136. (1) The Productivity Commission shall make its recommendations on any matter referred to it and which falls within the objects of this Part, within a period of six months from the date of receipt of such matter.

Procedure to make
recommendations

(2) In case of a matter referred to the Productivity Commission by the Cabinet of Ministers, the Productivity Commission shall refer its recommendations to the Cabinet of Ministers.

(3) (a) In case of a matter referred to the Productivity Commission by Parliament or attended to by its own initiative, the Productivity Commission shall refer its recommendations to the Speaker.

(b) The Speaker shall cause to submit the recommendations referred to in paragraph (a) to a Committee of Parliament established under the Standing Orders of Parliament to review and make comments on, or to make amendments to such recommendations.

(c) The Committee of Parliament may forward such comments or amendments to the Speaker within thirty days from the date of receipt of such recommendations. The Speaker shall forward such comments or amendments to the Productivity Commission.

(d) The Productivity Commission shall, after taking into consideration the comments and amendments of the Committee of Parliament, make recommendations to the Speaker.

(4) The Productivity Commission may, on its own initiative seek an opportunity to apprise Parliament on critical issues pertaining to the exercise, performance and discharge of its powers, duties and functions or to submit any document or report relating thereto.

CHAPTER XXIX

COMPOSITION OF, AND THE ADMINISTRATION AND MANAGEMENT OF THE AFFAIRS OF THE PRODUCTIVITY COMMISSION

Composition of
the Productivity
Commission

137. (1) The Productivity Commission shall consist of-

- (a) the Director General (Public Finance) of the Treasury (hereinafter referred to as the “*ex-officio* member”); and
- (b) five members who shall be appointed by the President (hereinafter referred to as the “appointed members”).

(2) In making the appointments referred to in paragraph (b) of subsection (1), consideration shall be afforded to ensure that such members possess relevant knowledge, expertise and experience and national or international recognition, in the fields of Economics, Social Science, Investment, Finance, Trade or Commerce, Law, Information Technology, Engineering, Business or Accountancy.

(3) At least two appointed members of the Productivity Commission shall be full time members.

138. A person shall be disqualified from being appointed or continuing as a member of the Productivity Commission, if such person –

Disqualification
for being a
member of the
Productivity
Commission

- (a) is not or ceases to be a citizen of Sri Lanka;
- (b) is elected or appointed as a member of Parliament or a Provincial Council or any local authority;
- (c) is a member of a political party;
- (d) subject to the provisions of section 142, has any financial or other similar interest direct or indirect, as is likely to affect prejudicially the performance or discharge by him of his duties or functions as a member of the Productivity Commission;
- (e) is under any law in force in Sri Lanka or in any other country found or declared to be of unsound mind;

- (f) is a person who having been declared insolvent or bankrupt under any law in force in Sri Lanka and is an undischarged insolvent or bankrupt;
- (g) is serving or has served a sentence of imprisonment imposed by any court in Sri Lanka or any other country; or
- (h) directly or indirectly holds or enjoys any right, entitlement or benefit under any contract made by, or on behalf of the Productivity Commission.

Chairperson of
the Productivity
Commission

139. (1) The President shall appoint one of the appointed members to be the Chairperson of the Productivity Commission who shall not be a full-time member.

(2) The Chairperson may resign from the office of Chairperson by letter in that behalf addressed to the President and such resignation shall be effective from the date on which it is accepted in writing by the President.

(3) The President may for reasons assigned therefor remove the Chairperson from the office of Chairperson.

(4) Subject to the provisions of subsections (2) and (3) the term of office of the Chairperson shall be the period of his term of office of the Productivity Commission.

(5) Where the Chairperson is temporarily unable to perform the duties of his office due to ill health, other infirmity, absence from Sri Lanka for a period not less than three months or any other cause, the President may appoint any other appointed member to act as the Chairperson in addition to his normal duties.

140. Every appointed member of the Productivity Commission shall, unless he vacates office earlier by death, resignation, or removal, hold office for a period of three years, and unless removed from office shall be eligible for re-appointment, for not more than one further term, whether consecutive or otherwise.

Term of office
of appointed
members

141. (1) Any appointed member of the Productivity Commission may, at any time, resign his office by letter in that behalf addressed to the President, and such resignation shall take effect from the date on which the resignation is accepted in writing by the President.

Removal
resignation &c.
of appointed
members

(2) The President may, for reasons assigned therefor remove any appointed member from office. An appointed member who has been removed from office shall not be eligible for re-appointment as a member of the Productivity Commission or to serve the Productivity Commission in any other capacity.

(3) In the event of vacation of office by death, resignation or removal of any appointed member, the President shall, having regard to the provisions of sections 137 and 138, appoint another person to fill such vacancy and such person shall hold office for the un-expired period of the term of office of the member whom he succeeds and such person shall be eligible to be reappointed for not more than one further term whether consecutive or otherwise.

(4) Where any appointed member of the Productivity Commission is temporarily unable to perform and discharge the duties and functions of his office on account of ill health or any other cause or if he is absent from Sri Lanka for a period of not less than three months, the President may, having regard to the provisions of sections 137 and 138, appoint any other person to act in place of such member during his absence.

(5) Where any appointed member of the Productivity Commission fails to attend three consecutive meetings of the Productivity Commission without obtaining prior excuse for absence from the Chairperson, such member shall be deemed to have vacated his office at the conclusion of the third meeting and the President shall appoint another person to fill such vacancy in the manner provided in subsection (3).

Financial interest
of the members

142. (1) The President shall, prior to appointing a person as an appointed member of the Productivity Commission, require such person to declare that neither he nor his family has financial or other similar interest in the affairs of the Productivity Commission which is likely to affect prejudicially the performing and discharging of his duties and functions as a member of the Productivity Commission and the President shall satisfy himself of the matters so disclosed.

(2) The President shall also satisfy himself, from time to time, that no appointed member of the Productivity Commission has since being appointed to the Productivity Commission acquired any such financial or other similar interest.

(3) (a) A member of the Productivity Commission who is directly or indirectly interested in any contract, agreement, business or any other matter made or proposed to be made by the Productivity Commission, shall forthwith disclose the nature and extent of his interest to the Productivity Commission and the President, as the case may be.

(b) Every such disclosure shall be recorded in the minutes of the Productivity Commission and such member shall not thereafter take part in any matter concerning the Productivity Commission with regard to such contract, agreement, business or other matter.

(4) The Productivity Commission shall maintain a register or a record of conflict of interest on case-by-case basis.

143. (1) The meetings of the Productivity Commission shall be held at least once in every month or as is required for the purpose of exercise, performance and discharge its powers, duties and functions conferred on, imposed on or assigned to the Productivity Commission by this Part.

*Quorum and
meetings of the
Productivity
Commission*

(2) The *quorum* for a meeting of the Productivity Commission shall be three members including the Chairperson. In the absence of the Chairperson, the *quorum* shall be three members including the acting Chairperson.

(3) A meeting of the Productivity Commission may be held either-

- (a) by the number of members who constitute a *quorum* being assembled at the place, date and time appointed for the meeting; or
- (b) by means of audio-visual communication by which all members participating and constituting a *quorum* can simultaneously see and hear each participating member for the duration of the meeting.

(4) The Chairperson shall preside at every meeting of the Productivity Commission. In the absence of the Chairperson from any meeting of the Productivity Commission, the member appointed to act in his place under subsection (5) of section 141 shall preside at such meeting.

(5) All questions for decision at any meeting of the Productivity Commission shall be decided by the vote of the majority of members present at such meeting. In the case of an equality of votes the Chairperson shall, in addition to his vote have a casting vote.

(6) The Productivity Commission may act notwithstanding any vacancy among its members, and any act or proceeding of the Productivity Commission shall not be, or deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

(7) Subject to the preceding provisions of this section, the Productivity Commission may regulate the procedure to be followed for the summoning and holding of its meetings and the transaction of business at such meetings.

Remuneration of
the members of
the Productivity
Commission

144. The Chairperson and members of the Productivity Commission shall be paid such remuneration in such manner and at such rates as may be determined by Parliament which shall be charged on the Consolidated Fund.

Seal of the
Productivity
Commission

145. (1) The seal of the Productivity Commission shall be as determined by the Productivity Commission.

(2) The seal of the Productivity Commission –

- (a) may be altered in such manner as may be determined by the Productivity Commission; and
- (b) shall be in the custody of such person or persons as the Productivity Commission may determine from time to time.

(3) The seal of the Productivity Commission shall not be affixed to any instrument or document except with the sanction of the Productivity Commission and in the presence of the Chairperson and one other member of the Productivity Commission who shall sign the instrument or document in token of their presence:

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

(4) The Productivity Commission shall maintain a register of the instruments and documents to which the seal of the Productivity Commission has been affixed.

146. (1) The Productivity Commission may, whenever it may consider necessary invite expert or professional to any meeting of the Productivity Commission who has expertise on any subject which will be dealt with by the Productivity Commission at such meetings for the purpose of obtaining their views on such subject matter for the effective performance and discharge of the duties and functions of the Productivity Commission, provided however the Productivity Commission shall have the absolute discretion of accepting or rejecting the views of the expert or professional.

Productivity
Commission to
invite experts or
professionals to
meetings

(2) The expert or professional shall be paid such remuneration as may be determined by the Productivity Commission and shall have no voting rights.

(3) Every expert or professional invited by the Productivity Commission shall, prior to being engaged by the Productivity Commission, make a declaration required by section 154 and keep confidential all matters discussed

by the Productivity Commission and any other information acquired by such expert or professional in terms of its engagement with the Productivity Commission. Every such expert or professional shall also make a declaration that he has no financial or other similar interest in the affairs of the Productivity Commission.

CHAPTER XXX

EXECUTIVE DIRECTOR AND THE STAFF OF THE PRODUCTIVITY COMMISSION

Executive
Director of the
Productivity
Commission

147. (1) There shall be appointed by the Productivity Commission, an Executive Director of the Productivity Commission (hereinafter referred to as the “Executive Director”), whose qualifications and experience and the terms and conditions of employment shall be as prescribed by regulation; and

(2) The Executive Director shall be the Chief Executive Officer of the Productivity Commission.

(3) The Executive Director shall, subject to the general directions and supervision of the Productivity Commission-

- (a) be charged with the administration of the affairs of the Productivity Commission including the administration and control of the staff;
- (b) function as the Accounting Officer of the Productivity Commission;
- (c) be responsible for the execution of all decisions of the Productivity Commission; and

(d) carry out all such functions as may be assigned to him by the Productivity Commission.

(4) The Executive Director shall be entitled to be present and speak at any meetings of the Productivity Commission, but shall not be entitled to vote at such meeting.

(5) The Executive Director may, with the written approval of the Productivity Commission, whenever he considers it necessary to do so, delegate in writing to any officer or employee of the Productivity Commission, any of his powers, duties or functions and the officer or employee to whom any such power, duty or function is delegated shall exercise, perform and discharge them subject to the directions of the Productivity Commission.

(6) The Productivity Commission may remove the Executive Director from office –

- (a) if he becomes permanently incapable of exercising, performing and discharging his powers, duties and functions;
- (b) if he had done any act which, in the opinion of the Productivity Commission, is of a fraudulent or illegal character or is prejudicial to the interests of the Productivity Commission; or
- (c) has failed to comply with any directions issued by the Productivity Commission.

(7) The office of the Executive Director shall become vacant upon the death, removal from office under subsection (6) or resignation by letter in that behalf addressed to the Productivity Commission by the holder of such office.

(8) If a vacancy occurs in the office of the Executive Director, the Productivity Commission may appoint a member of the Productivity Commission to exercise, perform and discharge the powers, duties and functions of the Executive Director until an appointment is made under subsection (1).

(9) The remuneration of the Executive Director shall be determined by the Productivity Commission in accordance with any written law and any guideline issued from time to time by the Government.

Appointment of
the staff of
Productivity
Commission

148. (1) Subject to the provisions of this Part, the Productivity Commission may appoint such number of officers and employees as may be necessary for the efficient exercise, performance and discharge of its powers, duties and functions.

(2) Subject to any written law and any guideline issued from time to time by the Government, the Productivity Commission shall determine the following matters in respect of the officers and employees appointed under subsection (1): –

- (a) disciplinary control over or dismissal such officers and employees;
- (b) the terms and conditions of employment of such officers and employees including the scheme of recruitment; and
- (c) the rates at which such officers and employees shall be remunerated.

(3) The Productivity Commission shall not, however, appoint as an officer or employee of the Productivity Commission, any person who has been dismissed from any previous position held by such person in the public or private sector.

149. (1) At the request of the Productivity Commission, any officer in the public service may, with the consent of that officer and of the Public Service Commission, be temporarily appointed to the staff of the Productivity Commission for such period as may be determined by the Productivity Commission, or with like consent, be permanently appointed to such staff.

Appointment of public officers to the staff of the Productivity Commission

(2) Where any officer in the public service is temporarily appointed to the staff of the Productivity Commission, 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 such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the Productivity Commission, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991 shall, *mutatis mutandis*, apply to and in relation to such officer.

CHAPTER XXXI

FINANCE

150. (1) The productivity Commission shall have its own Fund.

Fund of the Productivity Commission

(2) There shall be credited to the Fund –

(a) all such sums of money as may be voted by Parliament, from time to time, for the use of the Productivity Commission; and

(b) all such sums of money as may be received by the Productivity Commission for the exercise, performance and discharge of its powers, duties and functions and for the promotion of the object of the Productivity Commission, by way of loans donations, gifts, bequests or grants from whatsoever source within or outside Sri Lanka.

(3) There shall be paid out of the Fund all such sums of money required to defray the expenditure incurred by the Productivity Commission in the exercise, performance and discharge of its powers, duties and functions under this Part.

Financial year
and audit of
accounts of the
Productivity
Commission

151. (1) The financial year of the Productivity Commission shall be the calendar year.

(2) The Productivity Commission shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other financial transactions of the Productivity Commission.

(3) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of accounts of the Productivity Commission.

CHAPTER XXXII

GENERAL PROVISIONS

Establishment of
committees or
panels

152. (1) The Productivity Commission may establish committees and panels to assist it in the exercise, performance and discharge of its powers, duties and functions under this Part and may appoint such persons, who have the knowledge and expertise in the fields of Economics, Investment, Finance, Trade or Commerce, Law, Information Technology,

Engineering, Business or Accountancy, as the Productivity Commission may deem necessary to be members of any such committee or panel.

(2) A committee or panel shall carry out its functions and fulfil its obligations as stipulated in the terms of reference given to such committee or panel by the Productivity Commission.

(3) The Productivity Commission may, where it may consider necessary, co-opt as a member to a committee or panel, any person who possesses the required knowledge and expertise in the relevant field.

(4) The honorarium of the members of such committees or panels shall be determined by the Productivity Commission in accordance with any written law and any guideline issued from time to time by the Government.

(5) The members of such committee or panel shall be present at the meeting for which their presence is required and express their opinions but shall have no voting rights at such meetings.

153. (1) The Productivity Commission shall, within four months of the end of each financial year, submit to the Speaker an annual report on the activities carried out by the Productivity Commission. The following documents shall be attached to such report: -

Annual reports

- (a) the audited accounts of the Productivity Commission for the year along with the Auditor-General's report; and
- (b) a report of proposed activities for the year immediately following the year to which such report and accounts relate.

(2) The Speaker shall, within three months from the date of receipt of the annual report, table such annual report along with the documents specified in subsection (1) in Parliament for its consideration.

Declaration of
secrecy

154. Every member of the Productivity Commission, Executive Director and all officers and employees of the Productivity Commission and all experts or professionals consulted by the Productivity Commission under section 146 and members of committees or panels appointed under section 152, shall, before entering upon his duties, sign a declaration pledging to observe strict secrecy in respect of all matters connected with the affairs of the Productivity Commission, which has come to his knowledge in the exercise, performance or discharge of his powers, duties or functions under this Part and by such declaration pledge himself not to disclose any such matter except-

- (a) when required to do so by a court of law;
- (b) for the purpose of exercising, performing or discharging the powers, duties and functions under this Part or any other written law; or
- (c) in order to comply with the provisions of the Right to Information Act, No.12 of 2016.

Failing to
provide
information &c.
to be an offence

155. (1) In the performance and discharge of any of its duties and functions under this Part, the Productivity Commission or any officer or employee of the Productivity Commission authorized in that behalf by the Productivity Commission may, by a notice in writing require any public institution or any person to furnish to the Productivity Commission or to the officer or employee of the Productivity Commission, within such period as shall be specified in such notice, such information, data, statistics, or document as shall be specified in such notice.

(2) It shall be the duty of the head of such public institution or such person who is required by notice under subsection (1), to furnish any information, data, statistics or document within the period specified in such notice, to the extent permitted under the Right to Information Act, No. 12 of 2016.

(3) Any person who-

- (a) fails or refuses to furnish any information, data, statistics or document when required to do so under this section; or
- (b) makes any statement or submits an information, data, statistics or a document knowing it to be false or misleading,

commits an offence under this Part and shall, on conviction by a Magistrate be liable to a fine not more than five hundred thousand rupees.

156. Where a body of persons is convicted of an offence under this Part, then-

Offence by body
of persons

- (a) if such body of persons is a body incorporate or unincorporated, every director or officer or agent thereof; and
- (b) if such body of persons is a firm, every partner, any officer or a member of such firm,

shall be liable to a fine as specified for the respective offence:

Provided however, a director or an officer or an agent of such body incorporate, unincorporated or partner of such firm shall not be deemed to be guilty of such offence if he proves that such offence was committed without his knowledge or that he used all due diligence to prevent the commission of such offence.

Members of the Productivity Commission, the Executive Director, officers and employees of the Productivity Commission deemed to be public servants

157. All members of the Productivity Commission, the Executive Director, officers and employees of the Productivity Commission shall be deemed to be public servants within the meaning and for the purposes of the Penal Code (Chapter 19).

Productivity Commission deemed to be a scheduled institution

158. The Productivity Commission shall be deemed to be a scheduled institution within the meaning and for the purposes of the Anti- Corruption Act, No. 9 of 2023 and the provisions of that Act shall be construed accordingly.

Expenses in suit or prosecution to be paid out of the Fund

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

(2) Any expense incurred by any member of the Productivity Commission, the Executive Director or any officer or employee of the Productivity Commission in any

suit or prosecution brought against such person before any court or tribunal in respect of any act which is done or is purported to be done by such person under the provisions of this Part or on the direction of the Productivity Commission shall, if the court or tribunal holds that such act was done in good faith, be paid out of the Fund of the Productivity Commission, unless such expense is recovered by such person in such suit or prosecution.

160. (1) The Productivity Commission may, subject to the provisions of this Part, make rules in respect of any matter for which rules are authorised to be made under this Part and all or any of the following matters: – Rules

- (a) for the regulation of the procedure to be followed for the summoning and holding of meetings of the Productivity Commission and the transaction of business at such meetings;
- (b) the form in which the information is to be provided under section 155 to the Productivity Commission;
- (c) the methodologies which shall be used to conduct public inquiries and evidence-based research on productivity; and
- (d) any other matter connected with the management of the affairs of the Productivity Commission.

(2) Every rule made by the Productivity Commission shall be published in the *Gazette* and shall come into operation on the date of its publication or on such later date as may be specified therein.

161. In this Part, unless the context otherwise requires- Interpretation

“person” includes any body of persons whether corporate or unincorporated and a natural person;

“public institution” includes a Government Ministry, Government department, Provincial Council, Provincial Ministry or a department, local authority or any other agency established under any written law with the financial support by Government of Sri Lanka; and

“relevant authorities’ includes the Cabinet of Ministers and Parliament.

PART VI

CHAPTER XXXIII

ESTABLISHMENT OF THE SRI LANKA INSTITUTE OF ECONOMICS AND INTERNATIONAL TRADE

Establishment of
the Sri Lanka
Institute of
Economics and
International
Trade

162. (1) There shall be established an Institute which shall be called the Sri Lanka Institute of Economics and International Trade (hereinafter referred to as the “Institute”).

(2) The Institute 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 such name.

Objects of the
Institute

163. The objects of the Institute shall be –

- (a) to be a platform for research and policy making relating to economics, international finance and international trade;

- (b) to provide cutting edge research and studies in the fields of economics, international finance and international trade;
- (c) to contribute ideas for stimulating policies and concepts relating to economics, international finance and international trade; and
- (d) to research effective international trade and regional trade integration polices.

164. The powers, duties and functions of the Institute shall be –

Powers, duties
and functions of
the Institute

- (a) to initiate, promote and facilitate measures for development of knowledge and skills in economics, international finance and international trade studies among parliamentarians, public officers as may be specified by rules and representatives of the private sector;
- (b) to arrange seminars, lectures, face-to-face training, study tours, practitioner exchanges, peer-learning and other modes for the dissemination of knowledge in economics, international finance and international trade among parliamentarians, senior public officials and representatives of the private sector;
- (c) to foster dialogue and partnerships in the field of studies of economics, international finance and international trade among political leaders, public officers, academia, business leaders, donor agencies and members of global institutions;
- (d) to liaise with leaders of locally and globally reputed Think Tanks, experts, academics and resource

persons in the fields of economics, international finance and international trade within and outside Sri Lanka to deliver instructions and to participate in training activities;

- (e) to undertake training and research on behalf of Parliament and State institutions including in collaboration with local Think Tanks and transform research outcomes to achievable action plans which the Government stakeholders may incorporate in their planning exercises;
- (f) to receive grants, gifts or donations in cash or kind:

Provided however, the Institute shall obtain the prior written approval of the Department of External Resources of the Ministry of the Minister assigned the subject of Finance, in respect of all foreign grants, gifts or donations made to the Institute;

- (g) to open and maintain any account with any bank as it may think appropriate and such account shall be operated in accordance with prevailing applicable written laws;
- (h) to manage, control, administer and operate the Fund of the Institute;
- (i) to invest such amount of money belonging to the Institute as are not immediately required for the purposes of this Part;
- (j) to purchase, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any movable or immovable property;

- (k) to enter into and perform either directly or indirectly through any officer or agent of the Institute, all such contracts or agreements as may be necessary, for the exercise of the powers, performance of its duties and the discharge of its functions;
- (l) to make rules in respect of the administration of the affairs of the Institute;
- (m) to levy fees or charges for any service rendered by the Institute;
- (n) to appoint, employ, remunerate and exercise disciplinary control over, such officers, servants and agents as may be necessary for the carrying out the objects of the Institute;
- (o) to train officers and employees of the Institute within or outside Sri Lanka; and
- (p) do all such other acts which may be incidental or conducive to the attainment of the objects of this Part or the exercise of the powers assigned to the Institute under this Part.

CHAPTER XXXIV

ADMINISTRATION AND MANAGEMENT OF THE AFFAIRS OF THE INSTITUTE

165. (1) The administration, management and control of the affairs of the Institute shall be vested in a Board of Governors (in this Part referred to as the “Institute Board”).

Administration
and management
of the Institute

(2) The Institute Board shall, for the purpose of administering the affairs of the Institute, exercise, perform and discharge the powers, duties and functions conferred on, assigned to or imposed on the Institute by this Part.

Constitution of
the Institute
Board

166. The Institute Board shall consist of –

- (a) the following *ex-officio* members, namely:–
 - (i) the Secretary to the Treasury or his nominee who shall be an officer not below the rank of a Director General of a Department in the Ministry of the Minister assigned the subject of Finance;
 - (ii) a nominee of the Economic Commission;
 - (iii) the Ambassador for International Trade;
- (b) three members appointed by the Minister who shall possess academic and professional qualifications and has experience in one or more of the fields of Economics, International Finance and International Trade Studies; and
- (c) the following nominated members: -
 - (i) a member nominated by the Ceylon Chamber of Commerce established by Ceylon Chamber of Commerce Ordinance (Chapter 289);
 - (ii) a member nominated by the Federation of Chambers of Commerce and Industry of Sri Lanka registered under the Companies Act, No. 07 of 2007; and
 - (iii) a Professor of Economics nominated by the University Grants Commission established by the Universities Act, No. 16 of 1978.

167. (1) The Minister shall appoint one of the appointed members to be the Chairperson of the Institute Board.

Chairperson of
the Institute
Board

(2) The Chairperson may resign from 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.

(3) The Minister may, for reasons assigned in writing remove the Chairperson from the office of the Chairperson.

(4) Subject to the provisions of subsections (2) and (3), the term of office of the Chairperson shall be the period of his membership of the Institute Board.

(5) Where the Chairperson is temporarily unable to exercise, perform and discharge the powers, duties and functions of his office due to ill health, other infirmity, absence from Sri Lanka or any other cause, the Minister may appoint any other appointed member to act as the Chairperson in addition to his normal duties as an appointed member.

168. A person shall be disqualified from being appointed or continuing as a member of the Institute Board, if he –

Disqualifications
from being a
member of the
Institute Board

- (a) is or becomes a member of Parliament or of any Provincial Council or of any local authority;
- (b) is not or ceases to be a citizen of Sri Lanka;
- (c) is under any law in force in Sri Lanka or any other country found or declared to be of unsound mind;
- (d) is a person who having been declared insolvent or bankrupt under any law in force in Sri Lanka and is an undischarged insolvent or bankrupt;

- (e) is subject to an ongoing investigation in respect of an offence involving dangerous drugs, narcotic drugs or psychotropic substances or fraud;
- (f) is serving or has served a sentence of imprisonment of more than six months imposed by any court in Sri Lanka or any other country;
- (g) holds or enjoys any right or benefit under any contract made by or on behalf of the Institute; or
- (h) has any financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member of the Institute Board.

Term of office

169. Every appointed member of the Institute Board shall, unless he vacates office earlier by resignation, death or removal, hold office for a period of three years from the date of his appointment and unless is removed from office shall be eligible for reappointment for not more than one further term, whether consecutive or otherwise.

Resignation and removal

170. (1) Any appointed member of the Institute Board may at any time, resign from his office by a letter to that effect, addressed to the Minister, and such resignation shall be effective from the date on which it is accepted by the Minister in writing.

(2) Where any appointed member by reason of illness, infirmity or absence from Sri Lanka is temporarily unable to discharge the functions of his office, the Minister may, having regard to the provisions of sections 166 and 168, appoint some other person to act in his place.

(3) The Minister may for reasons assigned in writing, remove an appointed member from office. An appointed

member who has been removed from office shall not be eligible for reappointment as a member of the Institute Board or to serve the Institute Board in any other capacity.

(4) Where an appointed member dies, resigns or is removed from office, the Minister may, having regard to the provisions of sections 166 and 168, appoint another person in his place and the person so appointed shall hold office for the unexpired period of the term of office of the member whom he succeeds.

171. (1) The meetings of the Institute Board shall be held at least once in every month and the *quorum* for a meeting of the Institute Board shall be three members.

Quorum and
meetings of the
Institute Board

(2) The Chairperson shall preside at every meeting of the Institute Board. In the absence of the Chairperson from any meeting of the Institute Board, a member elected by the members present shall preside at such meeting.

(3) A meeting of the Institute Board may be held either-

- (a) by the number of members who constitute a *quorum* being assembled at the place, date and time appointed for the meeting; or
- (b) by means of audio-visual communication by which all members participating and constituting a *quorum* can simultaneously see and hear each participating member for the duration of the meeting.

(4) All questions for a decision at any meeting of the Institute Board shall be decided by the vote of the majority of members present at such meeting. In the case of an equality of votes, the Chairperson or the presiding member shall, in addition to his vote have a casting vote.

(5) Subject to the preceding provisions of this section, the Institute Board may regulate the procedure in relation to the meetings of the Institute Board and the transaction of business at such meetings.

Acts or proceedings of the Institute Board deemed not to be invalid by reason of any vacancy

172. The Institute Board may act, notwithstanding any vacancy among its members and any act or proceeding of the Institute Board shall not be or deemed to be invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Remuneration of the members of the Institute Board

173. The members of the Institute Board shall be paid remuneration in such manner and at such rates as may be determined by the Minister, with the concurrence of the Minister assigned the subject of Finance.

Seal of the Institute

174. (1) The seal of the Institute –

- (a) shall be in the custody of such person as the Institute Board may determine from time to time;
- (b) may be altered in such manner as may be determined by the Institute Board; and
- (c) shall not be affixed to any instrument or document except with the sanction of the Institute Board and in the presence of the Chairperson and one other member of the Institute Board who shall sign the instrument or document in token of their presence:

Provided however, where the Chairperson is unable to be present at the time when the seal of the Institute is affixed to any instrument or document,

any other member of the Institute Board authorised in writing by the Chairperson in that behalf shall be competent to sign such instrument or document in accordance with the preceding provisions of this subsection.

(2) The Institute shall maintain a register of the instruments and documents to which the seal of the Institute has been affixed.

CHAPTER XXXV

DIRECTOR AND THE STAFF OF THE INSTITUTE

175. (1) There shall be a Director of the Institute appointed by the Minister, in consultation with the Institute Board. The Director, unless he vacates office earlier by death, by operation of law, resignation or removal shall hold office for a term of five years and shall be eligible for reappointment subject to a maximum period of any two terms of office whether consecutive or otherwise.

Appointment of
an Advisory
Committee

(2) The qualifications and experience of the person who shall be appointed as the Director and the terms and conditions of employment of the Director shall be as prescribed by regulation.

(3) The Director shall, subject to the general directions and supervision of the Institute Board –

- (a) be charged with the administration of the affairs of the Institute including the administration and control of the staff;
- (b) be responsible for the execution of all decisions of the Institute Board; and
- (c) carry out all such functions as may be assigned to him by the Institute Board.

(4) The Director shall be present and speak at any meeting of the Institute Board, but shall not be entitled to vote at such meeting.

(5) The Director may, with the approval of the Institute Board, wherever he considers it necessary to do so, delegate in writing to any officer or employee of the Institute, any of his powers, duties or functions conferred or imposed on, or assigned to him by this Part and the officer or employee to whom any such power, duty or function is delegated shall exercise, perform or discharge them, subject to the directions of the Director.

(6) The Minister may, on the recommendation of the Institute Board, remove the Director from office –

- (a) if he becomes permanently incapable of performing his duties;
- (b) if he had done any act which the Institute Board has decided to be of a fraudulent or illegal character or is prejudicial to the interests of the Institute; or
- (c) has failed to comply with any direction issued by the Institute Board.

Staff of the
Institute and
remuneration

176. (1) Subject to the provisions of this Part, the Institute may employ or appoint such officers and employees as may be necessary for the efficient exercise, performance and discharge of its powers, duties and functions.

(2) The Director and the staff of the Institute 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 Minister, in consultation with the Minister assigned the subject of Finance.

177. (1) At the request of the Institute any officer in the public service may, with the consent of that officer and the Public Service Commission be temporarily appointed to the staff of the Institute for such period as may be determined by the Institute or with like consent, be permanently appointed to such staff.

Appointment of public officer to the staff of the Institute

(2) Where any officer in the public service is temporarily appointed to the staff of the Institute, 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 such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the Institute, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis* apply to and in relation to such officer.

(4) Where the Institute 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 Institute by that person shall be regarded as service to the Government, for the purpose of discharging the obligations of such contract.

178. (1) At the request of the Institute, any officer or employee of any higher educational Institution established under the Universities Act, No. 16 of 1978 may, with the consent of that officer or employee and the principal executive officer of that higher educational institution be temporarily appointed to the staff of the Institute. Such appointment shall be for a period as may be determined by the Institute or with the consent 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 Institute and such principal executive officer.

Appointment of official from higher educational institution to the Institute

(2) Where any officer is temporarily appointed to the staff of the Institute under subsection (1), such person shall be subject to the same disciplinary control as any other member of the staff of the Institute.

Appointment of
an Advisory
Committee

179. (1) The Institute Board may –

- (a) appoint an Advisory Committee as it may consider necessary or appropriate constituting of such persons selected from among persons having academic or professional qualifications or representing professional institutions or non-governmental organizations to assist it in the exercise, performance and discharge of its powers, duties and functions under this Part; and
- (b) obtain the services of any expert outside its permanent staff, as advisors or consultants.

(2) The Institute Board may assign to an Advisory Committee established under subsection (1), such of its powers, duties or functions as it may consider necessary, however, the Institute Board shall not be divested of any such power, duty or function so assigned. The Institute Board shall have the power to amend or revoke any decision made by an Advisory Committee.

(3) (a) It shall be the duty of the Institute Board to ensure that no person who has a conflict of interest or is in a position to exercise undue influence on any decision that the Institute Board is called upon to make under this Part or any regulations or rules made thereunder, is appointed under subsection (1) as a member of the Advisory Committee or as an expert.

(b) For the purpose of this subsection “undue influence” means manipulating or coercing the Institute Board in making its decisions it would not willingly undertake under normal circumstances.

(4) The members of the Advisory Committee and any expert under subsection (1) may be paid out of the Fund of the Institute, such allowance as the Minister may determine with the concurrence of the Minister assigned the subject of Finance.

(5) The Institute Board shall make rules for the procedure in regard to the meetings of the Advisory Committee and the transaction of business at such meetings.

180. (1) For the purposes of this Part, the Institute Board may appoint a Team of Instructors and an Operations Team from universities and public institutions that produce economic, international finance and international trade knowledge and from privately funded independent Think Tanks on secondment basis.

Team of
Instructors and
Operations
Team

(2) Any person appointed to the Team of Instructors and the Operations Team, as the case may be, shall be subject to the provisions of this Part.

(3) The members of the Team of Instructors and the Operations Team shall be paid remuneration in such manner and at such rates as may be determined by the Minister with the concurrence of the Minister assigned the subject of Finance.

CHAPTER XXXVI

FINANCE

181. (1) The Institute shall have its own Fund (hereinafter referred to as “the Fund”).

Fund of the
Institute

(2) There shall be credited to the Fund –

- (a) all sums of money as may be voted from time to time by Parliament, for the use of the Institute;
- (b) all such sums of money as may be received by the Institute in the exercise, performance and discharge of its powers, duties and functions under this Part; and
- (c) all such sums of money as may be received by the Institute by way of income, fees, charges, grants, gifts or donations from any source whatsoever whether within or outside Sri Lanka:

Provided that, the Institute shall obtain the prior written approval of the Department of External Resources of the Ministry of the Minister assigned the subject of Finance, in respect of all foreign grants, gifts or donations made to the Institute.

(3) There shall be paid out of the Fund –

- (a) all such sums of money as are required to defray any expenditure incurred by the Institute in the exercise, performance and discharge of its powers, duties and functions under this Part; and
- (b) all such sums of money as are required to be paid out of the Fund by or under this Part.

Financial year
and audit of
accounts

182. (1) The financial year of the Institute shall be the calendar year.

(2) The Institute Board shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Institute.

(3) The provisions of Article 154 of the Constitution and the National Audit Act, No. 19 of 2018 relating to the audit of the accounts of public corporations shall apply to the audit of accounts of the Institute.

(4) The Institute Board shall submit the audited statement of accounts together with the auditor's report to the Minister within one hundred and fifty days of the end of the financial year to which such report relates. The Minister shall place such statement and the report before Parliament within two months of the receipt thereof.

CHAPTER XXXVII

GENERAL PROVISIONS

183. No civil or criminal proceedings shall be instituted against any member of the Institute Board, the Director, any officer or employee of the Institute or any member of the Advisory Committee, Team of Instructors or an Operations Team, for any act which in good faith is done or purported to be done by him under this Part or on the directions of the Institute or the Institute Board, as the case may be, if he proves that he acted in good faith and exercised due diligence, reasonable care and skill.

Protection for
action taken
under this Part

184. (1) Every member of the Institute Board, the Director, and every officer or employee of the Institute or every member of the Advisory Committee, Team of Instructors or Operations Team, shall, before entering into the duties of his office sign a declaration that he will not disclose any information received by him or coming to his knowledge in the exercise, performance and discharge of his powers, duties and functions under this Part except for the purpose of giving effect to the provisions of this Part to the extent permitted under the provisions of the Right to Information Act, No. 12 of 2016.

Duty to
maintain
Secrecy

(2) Any person who contravenes the provisions of subsection (1) commits an offence under this Part, and shall be liable on conviction after summary trial by a Magistrate to a fine not exceeding one hundred thousand rupees or imprisonment of either description for a term not exceeding twelve months or to both such fine and imprisonment.

Database

185. (1) The Institute shall create, manage and maintain a database of all information collected under the provisions of this Part.

(2) The Institute shall take all necessary steps including technical safeguards to ensure the security of all its databases and data.

Institute deemed to be a scheduled institution

186. The Institute shall be deemed to be a scheduled institution within the meaning of the Anti- Corruption Act, No. 9 of 2023 and the provisions of that Act shall be construed accordingly.

Members, Director, officers and employees of the Institute deemed to be public servants

187. All members of the Institute Board, Advisory Committee, Team of Instructors and Operations Team, the Director and all officers and employees of the Institute shall be deemed to be public servants within the meaning and for the purposes of the Penal Code (Chapter 19).

Directions of the Minister

188. The Minister may, from time to time, issue to the Institute Board general or special directions as to the exercise, performance and discharge of the powers, duties and functions of the Institute Board.

Rules

189. (1) Subject to the provisions of this Part, the Institute Board may make rules in respect of all or any of the following matters: -

- (a) all matters for which rules are authorized or required to be made under this Part;
- (b) the meetings of the Institute Board and the Advisory Committee and the procedure to be followed at such meetings; and
- (c) the appointment, promotion, remuneration and disciplinary control of officers and employees and the grant of leave and other emoluments to officers and employees.

(2) Every rule made by the Institute shall be approved by the Minister and published in the *Gazette* and shall come into operation on the date of its publication or on such later date as may be specified therein.

190. (1) The Minister shall make regulations for the purpose of carrying out and giving effect to the principles and provisions of this Part.

Regulations

(2) Every regulation made by the Minister within three months 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 such disapproval but without prejudice to anything previously done thereunder.

(3) Notification of the date on which any regulation is so disapproved shall be published in the *Gazette*.

191. In this Part, unless the context otherwise requires-

Interpretation

“Minister” means the Minister assigned the subject and function of the Institute under Article 44 or 45 of the Constitution;

“Think Tank” means a policy institute or a research institute that performs research and advocacy in the fields of economics, international finance and international trade.

PART VII

CHAPTER XXXVIII

MISCELLANEOUS

Regulations

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

(2) Every regulation made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of publication or on such later date as may be specified therein.

(3) Every regulation made under subsection (1) shall, within three months from the date of its publication in the *Gazette*, be placed before Parliament for approval. Every 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.

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

Repeals and savings

193. (1) The Board of Investment of Sri Lanka Law, No. 4 of 1978 is hereby repealed (in this Act referred to as the “repealed Law”).

(2) Notwithstanding the repeal of the Board of Investment of Sri Lanka Law, No. 4 of 1978 -

- (a) every reference to the repealed law or any provision thereof in any other written law shall be construed as a reference to Part II, Part III or this Part or the corresponding provisions contained in Part II, Part III or this Part, as the case may be;
- (b) every reference to the BOI in any other written law shall be construed as a reference to the Economic Commission or Zones SL in the corresponding provisions in Part II or Part III, as the case may be;
- (c) the members of the Board of the BOI under the repealed Law, functioning as such on the day immediately preceding the appointed date shall be deemed to be the members of the Board of the Economic Commission for the purposes of Part II, Part III and this Part until a new Board of the Economic Commission is appointed under Part II;
- (d) all approvals, licences, authorizations and permissions issued by the BOI and in force on the day immediately preceding the appointed date shall, subject to such modifications as agreed between the Economic Commission or Zone SL, as the case may be and the investor continue to be valid and in force;
- (e) all approvals, licences, authorisations and permissions issued and contracts, agreements or other instruments entered into under any other written law for the purpose of promoting and facilitating investment and in force on the day

immediately preceding the appointed date shall, subject to such modifications as agreed between the Economic Commission or Zone SL, as the case may be and the investor continue to be valid and in force;

- (f) all regulations, rules, directives and Orders made under the repealed Law and in force on the day immediately preceding the appointed date shall, in so far as such regulations, rules, directives and Orders are not inconsistent with the provisions of this Act shall be deemed to be made under this Act, and such regulations, rules, directives and Orders may be amended, rescinded or altered by regulations, rules, directives or Orders made under this Act;
- (g) all property, both movable and immovable, which were owned by or was in the possession of the BOI in terms of the repealed Law-
 - (i) and existing on the day immediately preceding the appointed date shall, subject to the provisions of subparagraph (ii), with effect from the appointed date be deemed to be the property of or be in the possession of the Economic Commission, as the case may be; and
 - (ii) in respect of licensed zones and existing on the day immediately preceding the appointed date shall, with effect from the appointed date be deemed to be the property of or be in the possession of the Zones SL, as the case may be;

- (h) all contracts, agreements and other instruments entered into by or with the BOI under the repealed Law -
 - (i) and subsisting on the day immediately preceding the appointed date shall, subject to the provisions of subparagraph (ii), be deemed to be contracts, agreements and instruments entered into by or with or for the Economic Commission and all rights, privileges, obligations, debts and liabilities of the BOI subsisting on the day immediately preceding the appointed date shall be deemed to be rights, privileges, obligations, debts and liabilities of the Economic Commission under Part II; and
 - (ii) in respect of licensed zones and enterprises located therein and subsisting on the day immediately preceding the appointed date shall be deemed to be contracts, agreements and instruments entered into by or with or for the Zones SL and all rights, privileges, obligations, debts and liabilities of the BOI in respect thereof subsisting on the day immediately preceding the appointed date shall be deemed to be rights, privileges, obligations, debts and liabilities of the Zones SL under Part III;
- (i) any application made under the provisions of the repealed Law-
 - (i) shall, subject to the provisions of subparagraph (ii), with effect from the appointed date be deemed to be

an application made to the Economic Commission established under Part II and shall be dealt with accordingly; and

- (ii) relating to licensed zones and enterprises located therein shall, with effect from the appointed date be deemed to be an application made to the Zones SL established under Part III and shall be dealt with accordingly;
- (j) all sums of money lying to the credit of the Fund of the BOI and existing on the day immediately preceding the appointed date shall, with effect from the appointed date stand transferred to the Fund of the Economic Commission established under Part II;
- (k) all suits, actions or other legal proceedings instituted by or against the BOI-
- (i) and pending on the day immediately preceding the appointed date shall, subject to the provisions of subparagraph (ii), be deemed, with effect from the appointed date to be suits, actions or other legal proceedings instituted by or against the Economic Commission; and
 - (ii) in respect of licensed zones or enterprises located therein, with regard to the matters that fall within the purview of the Zones SL and pending on the day immediately preceding the appointed date shall, be deemed with effect from the appointed date to be suits, actions or other legal proceedings instituted by or against the Zones SL under Part III:

Provided however, any suit, action or other legal proceeding instituted by or against the BOI pertaining to matters that fall within the purview of both the Economic Commission and Zones SL and pending on the day immediately preceding the appointed date shall, with effect from the appointed date be deemed to be suits, actions and other legal proceedings instituted by or against both the Economic Commission and Zones SL;

- (l) all interests, rights, assets, obligations, debts and liabilities of the BOI-
 - (i) and pending on the day immediately preceding the appointed date shall, subject to the provisions of subparagraph (ii), be deemed with effect from the appointed date to be the interests, rights, assets, obligations, debts and liabilities of the Economic Commission; and
 - (ii) in respect of licensed zones and enterprises located therein and pending on the day immediately preceding the appointed date shall be deemed, with effect from the appointed date deemed to be interests, rights, assets, obligations, debts and liabilities of the Zones SL;
- (m) the officers and employees of the BOI, holding office on the day immediately preceding the appointed date -

- (i) shall be deemed, with effect from the appointed date to be officers and employees of the Economic Commission, on terms and conditions not less favourable than the terms and conditions of employment to which they were entitled; and
- (ii) attached to licensed zones, shall be deemed, with effect from the appointed date to be officers and employees of the Zones SL, on terms and conditions not less favourable than the terms and conditions of employment to which they were entitled:

Provided that the period that an employee served with the BOI shall be taken into consideration when calculating the statutory payments that are payable to such employee;

- (n) the officers and employees of the BOI, holding office on the day immediately preceding the appointed date who do not opt to join the service of the Economic Commission or the Zones SL, shall be paid such compensation in terms of a voluntary retirement scheme as shall be prescribed by the Minister:

Provided that such voluntary retirement scheme shall be published on a date not more than one month after the appointed date and every officer or employee deemed to be an officer or employee of the Economic Commission or Zones SL under paragraph (m) shall communicate his option within one month of the date of publication of the voluntary retirement scheme.

(3) Without prejudice to the powers vested in the Economic Commission or Zones SL under this Act, the Economic Commission or Zones SL, as the case may be, shall continue to exercise all powers exercised by the BOI in respect of and over Areas of Authority, licensed zones, licensed enterprises and area enterprises, established in terms or under the authority of the repealed Law. Without limiting the general powers that shall be exercised by the Economic Commission or Zones SL, as the case may be, in that respect, the powers set out in the repealed Law under sections 5, 16, 17, 18, 20, 20A, 21, 22, 22A, and 24 shall continue with full force and effect:

Provide however, the provisions of this subsection shall not be in derogation of the powers or functions exercised or discharged by the Economic Commission or Zones SL, as the case may be, in relation to the management or operation of Areas of Authority, licensed zones, licensed enterprises and area enterprises, as the case may be.

(4) The Economic Commission shall have the power to make by-laws for the purpose of amending, rescinding or altering all by-laws deemed to be made by the BOI and all by-laws made by the BOI under sections 21 and 22 of the repealed Law and in force on the day immediately preceding the appointed date.

194. In this Act unless the context otherwise requires-

Interpretation

“Area of Authority” means the Area of authority referred to in section 5 of the repealed Law;

“area enterprise” means an enterprise with which the BOI has entered into an agreement under section 17 of the repealed Law and which carries on business or is proposing to carry on business within the Area of Authority;

“BOI” means the Board of Investment of Sri Lanka established by the repealed Law;

“enterprise” means any sole proprietorship, partnership, company or cooperative society wherever registered or incorporated under any law for the time being in force relating to companies, corporative societies or business and engage in or proposing to engage in any business which in the opinion of the BOI would achieve or assist in the achievement of the objects of the BOI;

“licensed zones” means the licensed zones referred to in section 5 of the repealed Law;

“licensed enterprises” means the licensed enterprises referred to in section 5 of the repealed Law;

“Minister” for the purpose of Parts II and III and this Part means the Minister assigned the subject and function relating to the Economic Commission and Zones SL under Article 44 or 45 of the Constitution;

“zone developer” means a person who is assigned the development of an investment zone; and

“zone operator” means a person who manages a developed investment zone.

Sinhala text to prevail in case of inconsistency

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

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.