

## **Sri Lanka Legal Framework Analysis: Key Highlights**

This one-pager aims to provide a brief overview of the most notable features of Sri Lanka's national cooperative legal framework, based on the work of national legal expert and ICA member input. Currently, the following Acts of parliament are used in the regulation of cooperatives at the central level and in provincial councils who have not introduced their own Cooperative Statutes:

<b><i>Title of legislation</i></b>	<b><i>Date of Approval</i></b>
<i>Cooperative societies Act No. 5 of 1972</i>	<i>11th October 1972</i>
<i>Cooperative Societies (Amendment) Act No. 32 of 1983</i>	<i>24th August 1983</i>
<i>Cooperative Societies (Amendment) Act No. 11 of 1992</i>	<i>6th March 1992</i>

There is no separate or special legislation on any specific type of cooperative organization. Cooperative legislation in Sri Lanka relating to the central government has not been subject to change since the last Amendment Act in 1992; hence the Cooperative Identity statement (1995) has not been incorporated. Cooperative Principles which referred in legislation are from 1966 version. As per the government structure after the 13<sup>th</sup> Amendment of the constitution in 1987, provincial councils (PCs) are empowered to have their own cooperative legislation. However, only four out of the nine PCs use the previous legislation formed under the Central government.

**Cooperative Friendliness:** The cooperative legal environment of Sri Lanka is ‘*only limitedly friendly*’ to cooperative development. Some barriers which inhibit cooperative development are since the Government has tight regulations on cooperatives, such as to diversify or decide on business direction cooperatives require approval to be obtained from the Registrar of Cooperative Societies (RCS). This is based on an out dated legislation, which was introduced in 1972, when the country had a closed socialist economy, but has now turned out to be a neo-liberal economy. Also, there is no special government funding for promotion of cooperatives. This has affected promoting cooperatives among new generations.

**Key recommendations for improvement:** There is a pressing need for legislative reform and the law which is feasible should be common law for all types of cooperatives, but there could be certain special provisions for any type of cooperatives within the same legislation. Any legislation created should be in line with the independence of the Provincial Councils to have their own cooperative legislation and also another legislation to be regulated by the central government for the inter-province cooperatives and national federations as well as coordinating functions.

**Conclusions:** The experience derived from Sri Lanka confirms that creating a new legislation would be conducive for the development of cooperatives in the country. However, this should be a consensus-driven and participatory process in which all stakeholders at all levels should be involved towards the creation of a new law which would look after cooperative needs not only at the central level, but also at the provincial level.

