

**CHAPTER 205**

**INDUSTRIAL PRODUCTS**

Acts Nos. 18 of 1949, 53 of 1956, 69 of 1961. AN ACT TO FACILITATE THE SALE OF THE INDUSTRIAL PRODUCTS OF SRI LANKA BY REGULATING THE IMPORTATION OF INDUSTRIAL COMMODITIES FROM ABROAD.

[21st November, 1949.]

Short title. **1.** This Act may be cited as the Industrial Products Act.

Appointment of Controller and other officers. **2.** (1) There may be appointed, by name or by office, a Controller of Industrial Products, a Deputy Controller of Industrial Products, and such number of Assistant Controllers of Industrial Products and other officers as may be necessary for the purposes of this Act.

(2) The Deputy Controller and each Assistant Controller shall, subject to the directions of the Controller, exercise all or any of the powers vested in the Controller by this Act.

The Industrial Products Regulation Board. **3.** (1) There shall be established an "Industrial Products Regulation Board" consisting of the Controller who shall be the *ex officio* chairman of the board, and not more than five other members appointed by the Minister.

(2) Subject as hereinafter provided, each member of the board shall ordinarily hold office for a period of three years unless he is appointed to be a member of the board for some shorter period ;

Provided that any member or members of the board may at any time resign from the board or be removed therefrom by order of the Minister.

(3) Regulations may be made providing for the conduct of the business of the board and the procedure to be observed at meetings of the board;

Provided that the board may regulate its own procedure in any matter not provided for by regulation.

(4) Where the board has by resolution determined that information on any matter is necessary for the purposes of this Act, the chairman of the board may, at any time after the passing of such resolution, exercise in respect of any such matter any power conferred on the Director of Statistics by or under the Statistics Ordinance; and that Ordinance shall, for such purpose, be read and construed, and shall have effect, as though—

- (a) such matter were a matter to which the provisions of that Ordinance have been duly applied by Order under section 2 of that Ordinance;
- (b) any reference in that Ordinance to the Bureau of Statistics were a reference to the board ; and
- (c) any reference in that Ordinance to the Director of Statistics were a reference to the chairman of the board,

**4.** (1) It shall be the duty of the board to discharge such functions as are assigned to the board under this Act and to advise the Minister from time to time on the following matters;—

Functions of the board-

- (a) the articles or commodities which shall be declared industrial products by Order under section 5, the industrial products to which the provisions of this Act shall be applied by Order under section 8, and all matters required to be prescribed by Notification under section 9;
- (b) any other matter referred by the Minister to the board for advice.

(2) The board shall also perform such functions, discharge such duties, and exercise such powers, as may be assigned or entrusted to or vested in the board by this Act or by any regulation.

Declaration that articles are industrial products.

5. The Minister, after consulting the board, may from time to time declare by Order published in the Gazette that any article or commodity specified in the Order shall be an industrial product for the purposes of this Act.

Power of the Controller to call for returns relating to industrial products.

6. The Controller may from time to time, by notification published in the Gazette, require every person who manufactures any industrial product specified in any Order published under section 5, or has in his possession or under his control any such industrial product, to furnish a return containing such particulars as the Controller may require relating to the quantities, description and grade of that industrial product manufactured, purchased or sold by him during such period as may be specified by the Controller, and to the stocks of that industrial product in his possession or under his control at the date on which the return is made.

Application for registration as manufacturer or stockist of an industrial product.

7. (1) Any person who has furnished a return relating to any industrial product under section 6 may apply to the Controller for registration as a manufacturer or as a stockist of that industrial product.

(2) Every application for registration as a manufacturer or as a stockist of an industrial product shall be made in the prescribed form and shall contain a declaration by the applicant that the particulars stated in the application are, to the best of his knowledge and belief, true and accurate.

(3) Where the Controller is satisfied that the particulars stated in any application for registration are true and accurate and that the quality of the industrial product manufactured or stocked by the applicant is of reasonable standard, he shall register the applicant as a manufacturer or as a stockist of that industrial product and shall issue to the applicant a certificate of registration in the prescribed form. Every person to whom

a certificate of registration is issued is hereinafter referred to as a registered manufacturer or as a registered stockist.

8. (1) The Minister, after consulting the board, may, by Order published in the Gazette, apply the provisions of this Act, with effect from a specified date, to any industrial product specified in that Order, and may, in like manner, vary or revoke any such Order.

Application of Act to specified industrial products by Order of Minister.

(2) An industrial product specified in an Order under subsection (1) is hereinafter referred to as a "regulated product" and shall continue to be a regulated product for the purposes of this act until that Order is revoked as hereinbefore provided.

(3) Every Order shall, in addition, specify the local product which an importer must purchase in order to obtain a licence to import the regulated product.

(4) An Order may be made in respect of any industrial product notwithstanding the revocation of any previous Order made in respect of the same product.

9. (1) The Minister, after consulting the board, may, by Notification published in the Gazette, prescribe— Notification of standard grade' price,&c.

(a) the ratio for determining the quantity of the local product which an importer must purchase in order to obtain a licence to import a specified quantity of the regulated product;

(b) the price at which a specified grade of the local product will be sold to an applicant for a licence to import the regulated product.

(2) The price to be prescribed by a Notification under subsection (1) in respect of any local product shall not be less than the cost (including all connected charges and expenses) at which that local product can be obtained by the Controller.

(3) Any ratio, price or grade, specified in a Notification published under subsection (1) is hereinafter referred to as the standard ratio, the standard price, or the standard grade, as the case may be.

Implementation of regulated product prohibited except under licence

**10.** (1) No consignment of any quantity of any regulated product shall be imported into Sri Lanka unless the importation of a consignment of that quantity of that regulated product is authorized by an import licence issued by the Controller under this Act.

(2) A separate import licence shall be necessary in respect of each consignment of any quantity of any regulated product imported into Sri Lanka.

(3) Every import licence issued under this section shall cease to be valid on a date which shall be fixed by the Controller and inserted by him in the licence at the time the licence is issued;

Provided that the Controller may by endorsement made on the licence extend the period of the validity of the licence if he is satisfied that there are sufficient grounds\* for such extension.

(4) For the purposes of the application of the Customs Ordinance, a regulated product shall be deemed to be an article the importation of which is restricted by Ordinance.

Application for import licence

**11.** Every application for a licence to import a consignment of any quantity of any regulated product shall be made to the Controller in the prescribed form.

Payment for prescribed quantity of local product a condition precedent to issue of import licence.

**12.** (I) No person shall be entitled to receive a licence authorizing the importation of a consignment of any quantity of any regulated product unless he has paid to the Controller the standard price for delivery of that quantity of the standard grade of the corresponding local product which bears the standard ratio to the quantity of the regulated product sought to be imported or unless security for the payment of the standard price has been tendered and accepted by the Controller in accordance with regulations made under subsection (2).

(2) Regulations may be made prescribing the circumstances and cases in which and the conditions subject to which the Controller may accept security for the payment referred to in subsection (1).

(3) In any case where payment for any quantity of the local product has been made or secured under this section, and an import licence has been issued to any person authorizing the importation of any consignment of any regulated product, and it is subsequently proved to the satisfaction of the Controller that the consignment will not be imported owing to causes beyond the control of that person, the Controller shall, upon surrender of the import licence and of any coupon or deiiiveiy warrant which may have been issued to that person in respect of the local product, refund to him the sum so paid or, as the case may be, cancel the instrument by which the payment was secured.

**13.** (1) Where payment for any quantity of any local product is made or secured under section 12, the person making such payment or tendering such security, shall be entitled to receive from the Controller a coupon for that quantity of that local product

Coupon for proportionate quantity of local product paid for by importer.

(2) Where the Controller has, in his discretion, fixed the denominations of coupons to be issued in respect of any local product, a person entitled under subsection (1) to a coupon for any quantity of that local product shall be entitled to receive from the Controller on demand, instead of a single coupon, coupons of such denominations as will in the aggregate represent that quantity of that local product.

(3) Every coupon shall specify—

- (a) the name and address of the person to whom, and the date on which, it is issued;
- (b) the local product in respect of which it is issued and the quantity of that local product; and
- (c) the date on which it shall cease to be valid.

(4) At any time before the date specified in any coupon under paragraph (c) of subsection (3) the Controller may, by notice sent by registered post addressed to the person to whom that coupon was issued,

direct that for the date so specified a later or an earlier date shall be substituted ; and that coupon shall accordingly cease to be valid on the date so substituted.

Power of tht Controller to undertake the disposal of local product.

**14.** (1) Where an Order under section 8 is in force applying the provisions of this Act to any industrial product, the Controller may, upon application made in that behalf by any registered manufacturer or stockist of the local product specified under subsection (3) of the aforesaid section in that Order, undertake the disposal of the whole or any portion of the stocks of the local product in. the possession of that registered manufacturer or stockist.

(2) Where the Controller undertakes the disposal of any local product under subsection (1), he shall issue to the registered manufacturer or stockist of that local product a certificate in the prescribed form setting out the quantity, grade and description of the local product to which the undertaking relates.

(3) The Controller may require any person to whom a certificate has been issued under subsection (2) to deliver at any premises indicated by the Controller the whole or any portion of the quantity of the local product specified in that certificate.

(4) The stocks of any local product delivered at any premises by any registered manufacturer or stockist under subsection (3) shall, so long as such stocks are kept in such premises, be deemed to be kept at the risk of that registered manufacturer or stockist, and neither the Controller nor any of his officers shall be liable for any damage to, or deterioration in the quality of, the stocks of that local product unless such damage or deterioration is caused by the wilful negligence of the Controller or any of his officers.

Stocks of local product undertaken to be disposed of by the Controller may be sold by the owner by private treaty.

**15.** (I) Notwithstanding anything in section 14, any registered manufacturer or stockist to whom a certificate has been issued under subsection (2) of the aforesaid section may, with the prior approval in writing of the Controller, dispose by private treaty of the whole or any portion of the stocks of the local product to which the certificate relates.

(2) Where the whole or any portion of the stocks of any local product specified in a certificate issued under subsection (2) of section 14 has been disposed of by private treaty in accordance with the provisions of subsection (1) of this section, the Controller shall recall the certificate and shall cancel that certificate or, as the case may be, endorse thereon the quantity of the local product which remains unsold.

**16.** (1) Subject to the provisions of section 17, the person to whom a coupon has been issued under section 13 or section 18A may, at any time before that coupon ceases to be valid, obtain from the Controller, in exchange for the coupon, a delivery warrant for the amount of the local product specified in that coupon.

Coupons to be exchanged for delivery warrants. [§3,53 of 1956.]

(2) Every delivery warrant shall specify—

- (a) the quantity and grade of the local product to which that warrant relates;
- (b) the name and address of the registered manufacturer or stockist of such local product;
- (c) the place at which such delivery will be made; and
- (d) the person to whom that warrant is issued and the date on which that warrant will cease to be valid.

[§2,69 of 1961.]

(3) The Controller shall send a copy of every delivery warrant issued under subsection (1) by registered post to the registered manufacturer or stockist whose name is specified in that warrant.

(3A) A delivery warrant—

[§2,69 of 1961.]

- (a) shall, as soon as practicable after its issue, be surrendered by the person to whom it was issued or his authorized agent to the registered manufacturer or stockist whose name is specified therein; and
- (b) shall, upon such surrender, be endorsed by such manufacturer or stockist with the date or dates,

within the period of the validity of the warrant, on which the quantity, or any part of the quantity, of the grade of the local product specified in the warrant will be available for delivery to such person or his authorized agent.

from such stocks of such quantity of that grade of that local product as is so specified, on the surrender of that warrant on such other date as may be specified by any subsequent endorsement made on such warrant by such manufacturer or stockist or the Controller either of his own motion or at the request of such person or his authorized agent.

[§2, 69 of 1961.]

(4) A delivery warrant which is issued in respect of any grade of any local product and is endorsed as required by subsection (3A) by the registered manufacturer or stockist whose name is specified therein shall,—

- (a) if such quantity of that grade of that local product as is specified in such endorsement is available for delivery on the date so specified, be sufficient authority for the person to whom that warrant is issued or his authorized agent, on surrender of that warrant on that date, to obtain at the place specified therein delivery of such quantity of that grade of that local product as is so specified from the stocks of such manufacturer or stockist; or
- (b) if only a part of such quantity of that grade of that local product as is specified in such endorsement is available for delivery on the date so specified, be sufficient authority for the person to whom that warrant is issued or his authorized agent, on surrender of that warrant on that date, to obtain at the place specified therein delivery of such part of that quantity, and to obtain delivery of the balance of such quantity at such places and on such other dates as may be specified by any subsequent endorsement made on such warrant by such manufacturer or stockist; or
- (c) if such quantity of that grade of that local product as is so specified is not available for delivery on that date, or is so available but such person or his authorized agent is unable to take such delivery on that date, be sufficient authority for such person or his authorized agent, to obtain at such place delivery

17. (1) Where stocks of any grade of any local product specified in a delivery warrant are kept in the factory or store of the registered manufacturer or stockist whose name is specified in that warrant, such manufacturer or stockist shall, immediately after delivery of any quantity of that grade of that local product to the person to whom such warrant was issued or his authorized agent, require such person or such agent to make an endorsement on that warrant in acknowledgment of the delivery of such quantity, and it shall be the duty of such person or such agent to make such endorsement,

Delivery of local product by or on behalf of the registered manufacturer or stockist. [§2,69 of 1961.]

(2) Upon completion of the delivery of the quantity of the local product specified in the delivery warrant the registered manufacturer or stockist whose name is specified in that delivery warrant shall, on production to the Controller of that delivery warrant endorsed as required under subsection (i), and of the certificate issued to him under subsection (2) of section 14, be entitled to be paid the standard price for the quantity of the local product so delivered less an amount equivalent to two and half per centum of such price which amount shall be appropriated by the Controller towards the expenses of the administration of this Act.

(3) Where stocks of any local product specified in a delivery warrant are stored in any premises used or occupied by the Controller, the Controller shall, immediately after delivery to the person to whom that warrant is issued or his authorized agent of any quantity of such local product, notify the registered manufacturer or stockist whose name is specified in that delivery warrant that such delivery has been made, and thereupon that

[§2,69 of 1961-]

registered manufacturer or stockist shall, on production to the controller of the Certificate issued to him under subsection (2) of section 14, be entitled to be paid the standard price for the quantity of local product so delivered less an amount equivalent to two and half *per centum* of such price which amount shall be appropriated by the Controller towards the expenses of the administration of this Act.

Controller authorized to issue multiple delivery warrant and to vary standard grade.

**18.** (1) It shall be lawful for the Controller in his discretion to issue, in exchange for any coupon, separate delivery warrants for portions of the quantity of the local product specified in that coupon :

Provided that the aggregate of the quantities specified in such delivery warrants shall be equal to the quantity specified in the coupon.

(2) It shall be lawful for the Controller in his discretion to specify in any delivery warrant issued under this Act for any quantity of any local product that such local product shall be of a grade other than the standard grade.

(3) Where under subsection (2) any variation is made in the grade of any local product, the standard price of such local product may be varied and the price to be paid for such local product shall be such price as the Controller may have fixed for such other grade with the approval of the board.

(4) Where the price fixed under subsection (3) is lower than the standard price, the person to whom a coupon has been issued shall, at the time of issue to him of a delivery warrant in exchange for that coupon, be entitled to a refund of the amount by which the cost at the standard price of the quantity specified in such delivery warrant exceeds the cost of that quantity at the lower price so fixed.

(5) Where the price fixed under subsection (3) is higher than the standard price, the person to whom a coupon has been issued shall not be entitled to receive any delivery warrant in exchange for that coupon until he has paid to the Controller the amount by which the cost at such higher

price of the quantity specified in any such delivery warrant exceeds the cost of that quantity reckoned at the standard price.

(6) No delivery of any quantity of any local product specified in any delivery warrant shall be made after the date on which that warrant ceases to be valid.

(7) Where delivery of any quantity of any local product specified in any delivery warrant is not taken before the date on which that warrant ceases to be valid, a quantity of that local product in the stocks of the registered manufacturer or stockist whose name is specified in that delivery warrant, corresponding to the quantity of that local product specified in the delivery warrant, shall be sold at the risk of the person to whom that warrant was issued.

(8) Where any quantity of any local product specified in any delivery warrant is sold under subsection (7), the person to whom the delivery warrant was issued may, on application made to the Controller and on surrender of that delivery warrant, be entitled to be paid the sum realized at such sale less—

- (a) the costs of such sale; and
- (b) an amount equivalent to two and half *per centum* of the proceeds of such sale which amount shall be appropriated by the Controller towards the expenses of the administration of this Act.

and, upon payment of such sum to such person, the Government and the Controller shall be discharged from any liability to any person in respect of that delivery warrant.

(9) If no application is made under subsection (8) by the person to whom any delivery warrant was issued within a period of twelve months reckoned from the date of issue specified in that warrant, any sum which such person may have claimed under that subsection shall be credited to the Consolidated Fund; and the Government and the Controller shall thereupon be discharged from any liability to any person in respect of that delivery warrant or of any

sum payable under subsection (8) to the person to whom that delivery warrant was issued.

(10) (a) The person to whom a delivery warrant is issued may, if he refuses to take delivery of the local product offered to him on surrender of that warrant on the ground that the local product so offered is not of the standard grade or, as the case may be, of the grade specified under subsection (2) in the warrant, or is not of proper quality or in proper condition, apply to the Controller for a declaration that his refusal to accept the local product is just and proper.

(b) No application to the Controller for a declaration under paragraph (a) shall be entertained unless it is made while the delivery warrant is valid or before the expiry of seven days from the date on which it ceased to be valid.

(c) Where on any such application the Controller refuses to make a declaration under paragraph (a), notice of such refusal shall be sent by registered post to the applicant; and the applicant shall be entitled, within a period of ten days from the date of the receipt of such notice, to appeal against the refusal to the Minister; and the decision of the Minister upon any such appeal shall be final.

(d) In any case where, upon application made by any person under paragraph (a), the Controller makes a declaration under that paragraph in respect of any local product, whether in the first instance or in compliance with any direction given by the Minister on any appeal, the following provisions shall have effect;—

- (i) the Controller shall take all such steps as may be necessary whether by the alteration or extension of the validity of the delivery warrant, or by the issue of a new delivery warrant, or otherwise, to secure that such person is authorized to obtain the appropriate quantity of the local product of the standard grade or, as the case may be, of the specified grade and of proper quality and condition;

- (ii) notwithstanding that any quantity of the local product may have been sold as required by subsection (7), such sale shall not be deemed to have been effected at the risk of the person to whom the warrant was issued ; and

- (iii) such sale shall be deemed to have been effected at the risk of the registered manufacturer or stockist from whose stocks that quantity was sold, and accordingly payment of the sum realized at the sale (less the deductions authorized by subsection (8)) shall be made to that manufacturer or stockist upon application made by him within the time specified in that behalf in subsection (9); and upon payment of such sum, the Government and the Controller shall be discharged from any liability to such manufacturer or stockist.

(11) Subject to the provisions of this Act, the issue of a delivery warrant shall be deemed to constitute a contract between Government and the person to whom the delivery warrant is issued.

**18A.** (I) Where, after the expiration of the period of validity of any coupon or delivery warrant issued to any person, the Controller is satisfied that the quantity, or any part of the quantity, of the local product specified in the coupon or delivery warrant was not available for delivery to such person or his authorized agent during that period, the Controller shall, upon surrender of that coupon or warrant— ^

Refund of payment or release of security when local product is not available. [ \$2, 53 of 1956. ] [ \$5.69 of 1961. ]

- (a) if the whole of that quantity was not delivered to that person or his authorized agent, refund to him the price paid for that quantity or cancel the instrument by which the payment of the price of that quantity is secured, and

- (b) if only a part of that quantity was not delivered to that person or his authorized agent,—

- (i) refund to him the price paid for that part or release the security in respect of that part, and

(ii) issue to him, if it is a coupon that he has surrendered, a coupon or, if it is a delivery warrant that he has surrendered, a delivery warrant for such part of that quantity as is available for delivery to him.

(2) Every contract referred to in subsection (11) of section 18 shall be subject to the provisions of subsection (1) of this section.

Power of Controller to ask for information from registered manufacturers or stockists.

**19.** The Controller may at any time require, in the prescribed manner, any registered manufacturer or stockist to furnish before a specified day, in the prescribed form, any information relating to the industrial product manufactured or stocked by that registered manufacturer or stockist.

Verification.

**20.** The Controller or any officer authorized by him in writing may, for the purpose of verifying the correctness of any information furnished, under this Act or any regulation made thereunder, by any person applying for registration as a manufacturer or stockist or by any registered manufacturer or stockist, or for the purpose of grading and pricing the local product manufactured or stored by such person or registered manufacturer or stockist—

- (a) enter the factory or store of such person or registered manufacturer or stockist, and
- (b) inspect the quality of the stocks in such factory or store.

Offences.

**21.** (1) Where any certificate has been issued under subsection (2) of section 14 in respect of any quantity of a local product, no person shall, so long as such quantity remains unsold by the Controller, remove or tamper with such quantity or any portion thereof without the approval of the Controller.

(2) Every person who does any act in contravention of the provisions of subsection (1) shall be guilty of an offence and shall be liable on conviction after

summary trial before a Magistrate to a fine not exceeding five thousand rupees or to imprisonment of either description for a period not exceeding one year or to both such fine and imprisonment.

(3) Where any registered manufacturer or stockist is convicted before any court of an offence under subsection (2), the court may order that the certificate of registration issued to that registered manufacturer or stockist be cancelled.

(4) Any person whose certificate of registration is cancelled by an order of court under subsection (3) shall not be entitled to apply for a new certificate of registration until after the expiry of a period of twelve months from the date of such order.

**22.** All sums of money appropriated by the Controller towards the expenses of the administration of this Act shall be paid to the Consolidated Fund.

Payment to the Consolidated

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

Regulations.

(2) In particular, and without prejudice to the generality of the powers conferred by subsection (1), such regulations may—

- (a) provide for any matter which is in this Act stated or required to be prescribed;
- (b) prescribe the manner in which information required under this Act shall be obtained by, or be furnished to, the Controller;
- (c) prescribe the standard specifications of any grade of a local product,
- (d) prescribe the manner in which any local product which the Controller has undertaken to dispose of shall be packed and labelled ; and
- (e) prescribe the conditions of the premises, and the manner, in which stocks of any local product to be disposed of by the Controller shall be stored.



(3) No regulation shall have effect until it has been approved by Parliament. Notification of such approval shall be published in the Gazette.

(4) Upon the publication in the Gazette of a notification to the effect that a regulation made by the Minister has been approved by Parliament, that regulation shall be as valid and effectual as if it were herein enacted.

Interpretation. **24.** In this Act, unless the context otherwise requires—

" board " means the Industrial Products Regulation Board established under this Act;

" consignment", when used with reference to any regulated product, means any quantity of that product upon the importation of which into Sri Lanka a separate bill of entry is required under the Customs Ordinance to be delivered to the Collector, whether for payment of duty upon, or for the warehousing of, such quantity or for the payment of duty upon such quantity when it is taken out of the warehouse,

" Controller " means the person appointed under section 2 to be or to act as Controller of Industrial Products, and includes any person for the time being holding the office of Deputy or an Assistant Controller of Industrial Products;

[§4, 53 of 1956.]

" coupon " means a coupon issued under section 13 or section 18A;

t§4,53 of 1956.]

" delivery warrant" means a delivery warrant issued under section 16 or section 18A;

" grade ", when used with reference to any industrial product, includes any

quality, variety or description of that product;

" import licence" means a licence to import a regulated product;

" industrial product " means any article or commodity for the time being declared by Order under section 5 to be an industrial product for the purposes of this Act;

" local product" means an industrial product manufactured in Sri Lanka;

" prescribed" means prescribed by or under this Act or by any regulation;

" registered manufacturer" means any person registered as a manufacturer of any industrial product under section 7 and includes his authorized agent;

" registered stockist" means any person registered as a stockist of any industrial product under section 7 ;

" regulated product " means an industrial product to which the provisions of this Act have been applied by an Order under section 8 ;

" regulation " means a regulation made by the Minister under section 23 ;

" standard ", when used with reference to any grade, price or ratio, means the grade, price or ratio prescribed in a Notification published under section 9.

**25.** The provisions of this Act shall be in addition to and not in derogation or substitution of the provisions of any other written law relating to the marketing or sale or importation of industrial products.

Construction of Act