The State Law and Order Restoration Council

The Myanmar Agricultural and Rural Development Bank Law
(The State Law and Order Restoration Council Law No. 17/90)
The Fullmoon Day of Waso, 1352 M.E.
(6th July, 1990)

The State Law and Order Restoration Council hereby enacts the following Law:-

Chapter I
Title and Definition

This Law shall be called the Myanma Agricultural and Rural Development Bank Law.

2. The expressions contained in this Law shall have the following meanings:-
(a) Ministry means the Ministry of Planning and Finance;
(b) Central Bank means the Central Bank of Myanmar;
(c) Bank means the Myanma Agricultural and Rural Development Bank established under this Law;
(d) Board means the Board of Directors of the Bank;
(e) Chairman means the Chairman of the Board of Directors;
(f) Member means the member of the Board of Directors;
(g) Agricultural Enterprise includes the following activities undertaken by the State or by the co-operatives or by the private or by joint venture between them:
(i) crop cultivation;
(ii) growing orchards and plantations;
(iii) growing vegetables, fruits and horticulture;
(iv) forest rehabilitation maintenance and conservation;
(v) irrigation, embankment and land improvement;
(vi) storage, distribution and marketing of inputs, machinery, equipments and implements required for the above enterprise; (vii) production, processing, storage, distribution and marketing activities relating to the above enterprises;
(h) Livestock Enterprise includes the following activities undertaken by the State or by the co-operatives or by the private or by joint venture between them:
(i) Livestock breeding;
(ii) fisheries and aquaculture;
(iii) poultry farming;
(iv) apiculture;
(v) sericulture;
(vi) storage, distribution and marketing of inputs, machinery, equipments and implements required for the above enterprises;
(vii) production, processing, storage, distribution and marketing activities relating to the above enterprises;
(i) Rural Socio-economic Enterprise means agro and livestock based industries and rural development activities;
(j) Co-operative Society means co-operative society formed under the Union of Myanmar Co-operative Society Law, 1970;
(k) Village Bank means the village bank recognised by the Bank;
(l) Farmer means a person who earns his main livelihood by operating farmland with own hand, or who has earned his main livelihood by operating farmland continuously with own hand, or by
supervising farming operations throughout the season as his main livelihood in the year concerned;

**Explanations**

Farmland means land being used or taken into possession for cultivation. This expression includes lands under farming and cultivation (i.e., Yar, Kaing Mye) land under rubber, dhani, orchard, vegetables and horticulture, island, alluvial land and buildings erected on such lands, but excludes the buildings used for dwellings and religious purposes and their compounds situated within town and village boundaries and also publicly-owned plots not used for agricultural purpose;

(m) Entrepreneur means a person who operates rural socio-economic enterprises individually or collectively;
(n) Labourer means a person who earns his main livelihood by hiring own labour to agricultural, livestock or rural socio-economic enterprises.

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**Chapter II**

**Establishment and Aim**

3. The Bank is established under this Law as a legal entity having perpetual succession, capable of suing and being sued in its own name.

4. The Head Office of the Bank shall be in Yangon. The Bank may open branches and agencies.

5. The main aim of the Bank shall be to effectively support the development of agricultural, livestock and rural socio-economic enterprises in the country by providing banking services.

6. The Bank shall also endeavour to pursue the following objectives in accordance with its main aim:-
   (a) to provide loans for the development of agricultural, livestock and rural socio-economic enterprises in a simple procedure;
   (b) to promote rural banking;
   (c) to encourage saving habit in order to bring about self-help spirit among rural population;
   (d) to support socio-economic development in rural areas;
   (e) to cultivate habit of using bank services;
   (f) to develop banking business.

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**Chapter III**

**Capital and Profit Allocation**

7. The State shall be the sole shareholder of the Bank. The authorized capital of the Bank shall be one thousand million kyats of which sixty million kyats shall be fully paid-up by the State. The balance of the authorized capital may be subscribed by the State as required.

8. The authorized and paid-up capitals of the Bank may be increased with the approval of the Government. No reduction of these capitals shall be made.

9. (a) The Bank shall establish a Reserve Fund with an initial contribution of twenty million kyats from the State;
   (b) At the end of each financial year an amount equal to twenty five per cent of the net profit shall be allocated in multiples of one million kyats to the Reserve Fund until it amounts to 100 per cent of the paid-up capital of the Bank;
   (c) With the approval of the Government, the amount transferred to the Reserve Fund may be increased to exceed the annual prescribed percentage or the total amount of the Reserve Fund may be increased
beyond the paid-up capital of the Bank;
(d) The Reserve Fund may be applied to meet any deficits in the operations of the Bank.

10. At the end of the financial year, the balance of net profit after appropriations or funds required for the operations of the Bank shall be paid in multiples of one million kyats to the Government as soon as possible.

Chapter IV
Organization and Management

11. The Bank shall be administered by a Board of Directors which shall execute the duties and powers of the Bank under this Law.

12. (a) The members of the Board of Directors of the Bank shall be appointed by the Government. Such Board shall be constituted with nine members who are citizens;
(b) The Board shall consist of the following persons:
(i) the Chairman and four members appointed by the Government;
(ii) a member appointed ex-officio by the Ministry of Planning and Finance;
(iii) a member appointed ex-officio by the Ministry of Agriculture and Forests;
(iv) a member appointed ex-officio by the Ministry of Livestock Breeding and Fisheries;
(v) a member appointed ex-officio by the Ministry of Co-operatives;
(c) The term of office of the Chairman shall be five years. The term of office of the remaining members shall be three years. Such persons are eligible for re-appointment for more than one term;
(d) The Chairman shall devote his whole time to the functions and duties of the Bank and shall not engage in any other remunerated employment;
(e) The Board shall assign an officer of the Bank as Secretary of the Board.

13. The Chairman Or a member shall cease to be the Chairman or a member if he or she:-
(a) is convicted of any offence prescribed by the Ministry;
(h) has obtained permission after submitting the resignation to the Government;
(c) is adjudged incapable of performing his or her duties;
(d) has failed to attend the Board meetings for three consecutive months without leave from the Board;
(e) has been terminated of or abandons the citizenship.

14. The vacancy, occurring due to resignation or termination or death of any member shall be filled with any suitable person by the Government for the unexpired period of the term of office of the member concerned. Such vacancy shall be filled within six months from the date of vacancy.

15. The Chairman shall be deemed to be a public servant under Section 21 of the Penal Code.

16. The Board may form committees to carry out effectively the functions and duties of the Bank. In so forming, the duties and powers of such committees shall be determined appropriately.

17. (a) Board meetings shall be convened at least once a month or any time with the consent of the Chairman or three members;
(b) Half or more of the members appointed to the Board and attending the meeting shall constitute a quorum for Board meetings;
(c) In the absence of the Chairman, one of the members by the Board shall act as Chairman of the Board Meeting;
(d) At the meeting of Board, decisions shall be adopted by the majority of the votes of members present and, in the event of an equality of votes, the Chairman of the meeting shall have a casting vote.
18. The Board shall draw up an organizational set-up in order to carry out the functions and duties of the Bank and appoint necessary officers and staff. Such officers and staff shall be public servants.

19. (a) The Chairman shall receive from the Bank salary and allowances in accordance with the terms and conditions prescribed by the Government;
(b) The members of the Board are entitled to receive remuneration as proposed by the Board and approved by the Government. Such remuneration shall be borne by the Bank.

Chapter V
Business of the Bank

20. The Bank shall have the right to conduct the following business:-
(a) advancing annual, short-term and long-term loans to State-owned agricultural organizations, livestock organizations, co-operative societies, private persons, village banks, farmers, entrepreneurs and labourers, on such terms and conditions as may be necessary;
(b) receiving deposits on the basis of rural development, making loans and advances or allowing overdrafts with or without security;
(c) organizing, recognizing and supervising village banks and prescribing their functions and duties;
(d) Issuing and buying drafts, telegraphic transfers, payment orders and other kinds of remittances;
(e) borrowing money in or outside the country for carrying out the functions of the Bank;
(f) undertaking matters relating to the smooth functioning of the Bank business, rendering and acquiring management and technical expertise and consultancy in connection with or in support of matters;
(g) performing such business as may be approved by the Ministry.

21. (a) Loans shall be advanced for the following periods:-
(i) annual loans up to one year;
(ii) short-term loans, from one to four years;
(iii) long-term loans, four to twenty years;
(b) The Bank shall charge interest at such rate as the Ministry may from time to time prescribe;
(c) Repayments of loans shall be in such manner as may be prescribed by the Bank.

22. The Bank shall grant short-term loans and long-term loans with security only.

23. The Bank may prescribe terms and conditions for various types of loans issued by it.

24. Un discharged loans may be recovered by the Bank as if they were arrears of land revenue.

25. The Bank may with the approval of the Government participate in local or international organizations which support its functions.

Chapter VI
Accounts and Audits

26. The financial year of the Bank shall be the same as that of the State.
27. (a) The accounts of the Bank shall be audited by the Auditor-General;
(b) The Bank shall prepare financial statements at the end of each year.
The Bank shall submit its annual report to the Government through
the Ministry together with its balance sheet and profit and loss
statement certified by the Auditor-General within six months after
the end of the year;
(c) After submitting the annual report under sub-section (b), the Bank shall publish it in the manner
prescribed by the Ministry, for public information.

Chapter VII
Miscellaneous

28. Notwithstanding anything contained in any other law, debts owed to the Bank shall be given
priority over all other debts and taxes except those payable to the State and the Central Bank.

29. Article 149 of the First Schedule to the Limitation Act shall apply to all suits instituted by the Bank.

30. The provisions of the Myanmar Companies Act shall not apply to the Bank.

31. Notwithstanding anything contained in the Registration Act, the insruments executed in respect of
loans made by the Bank or the village bank shall be exempted from registration and from payment of
stamp duty under the existing law.

32. The Bank shall be exempted from taxes on income or dues and levies related to banking operations.

33. Movable and immovable properties belonging to the Myanma Agricultural Bank established under
the Bank Law (Pyithu Hluttaw Law No.9, 1975), operations in the process of execution operations
which have been completed, assets and liabilities shall devolve respectively on the Bank.

34. The contracts entered into or executed by the Myanma Agricultural Bank established under the
Bank Law (Pyithu Hlyttaw Law No.9, 1975) shall be deemed to have been entered into or executed by
the Myanmar Agricultural and Rural Development Bank established under this Law.

35. The Management Committee of the Myanrna Agricultural Bank constituted under the repealed
Bank Law (Pyithu Hlyttaw Law No.9, 1975) shall have
the right to perform its duties and functions until the day the duties and responsibilities are handed over
to the succeeding Board of Directors under this Law.

36. The Bank may continue to exercise the powers and perform duties and responsibilities in
accordance with the provisions of the Bank Law (Pyithu Hluttaw Law No.9,1975) within the transitory
period, in cases where it cannot commence the exercise of powers conferred and performance of duties
and responsibilities assigned under this Law. Provided that such transitory period shall be as
determined by the Ministry.

37. Existing rules, regulations, bye-laws, notifications, orders and directives concerning the Bank shall,
in so far as they are not inconsistent with the provisions of this Law, be in force and may continue to be
exercised by the Myanmar Agricultural and Rural Development Bank established under this Law.

38. For the purpose of carrying out the provisions of this Law:
(a) the Ministry may, with the approval of the Government, issue rules and procedures;
(b) the Bank may issue regulations, bye-laws, orders and directives.
Sd./ Saw Maung
Senior General
Chairman
The State Law and Order Restoration Council