

THE UNION BANK OF BURMA ACT, 1947.

[BURMA ACT No. LX OF 1947.]

WHEREAS it is expedient to establish a national Bank for Burma,
It is hereby enacted as follows :—

CHAPTER I.

PRELIMINARY.

1. (1) This Act may be called the Union Bank of Burma Act.
Short title and com-
mencement.
(2) It shall come into force on such date as the Governor may by notification appoint in this behalf.
2. In this Act, unless there is anything repugnant in the subject or context,—
Definitions,—
 - (a) "the Bank" means the Bank established under this Act ;
 - (b) "Board" means the Board of Directors of the Bank for the time being ;
 - (c) "Currency Board" means the Currency Board constituted under the Currency and Coinage Act, 1946 ;
 - (d) "Director" means a Director of the Bank whether nominated or elected ;
 - (e) "prescribed" means prescribed by rules made under this Act.

CHAPTER II.

ESTABLISHMENT, CAPITAL AND MANAGEMENT OF THE BANK.

3. (1) The Union Bank of Burma shall be established for the purpose of carrying on the business of banking in accordance with the provisions of this Act.
Establishment of Bank.
(2) The Bank shall be a body corporate.
4. The Head Office of the Bank shall be in Rangoon, but the Bank may establish branches or agencies in such other places whether inside or outside Burma as the Governor may approve.
Head Office and Branches of Bank.
5. (1) The authorized capital of the Bank shall be four crores of rupees of which not more than two crores shall be paid up by Government before the opening of the Bank.
Capital.
(2) The balance may be issued and subscribed at any time by the Government to such extent and in such manner as may be determined by the Governor.

Price,—Annas 0-2-0.]

6. The capital of the Bank may be increased or decreased to such extent and in such manner as may be determined by the Governor.

Increase or reduction of capital.

7. The general superintendence and direction of the affairs and business of the Bank shall be conducted by a Board which may exercise all powers and do all acts and things which may be exercised or done by the Bank and are not by this Act expressly directed or required to be done by the Governor.

Management.

8. The Board shall consist of seven Directors who shall be nominated by the Governor and shall include a Chairman, a Deputy Chairman and a representative of the Finance Department of the Government.

Composition of the Board and term of office of members.

9. (1) The Governor shall appoint a General Manager for the Bank, a Chief Accountant and such other superior officers as may be required, and prescribe their terms and conditions of service.

Officers and servants of the Bank.

(2) The Board may for the efficient performance of its duties appoint such other officers and servants as may be required and prescribe their terms and conditions of service.

10. No person may become or remain in office a Director who—

Disqualification and termination of office of Directors.

- (a) is a salaried official of a Local Fund ; or
- (b) is or at any time has been adjudicated an insolvent or has suspended payment or has compounded with his creditors ; or
- (c) is or becomes of unsound mind ; or
- (d) is an officer or servant of the Bank or of any other bank ; or
- (e) is a Director of any bank other than a bank which is a Society registered under the Co-operative Societies Act ; or
- (f) is a member of the Legislature or being a member of the Legislature at the time of the nomination as Director fails to resign his seat from the Legislature within one month of becoming a Director ; or
- (g) ~~is not a British subject domiciled in Burma~~ *is not a Burmese citizen or*
- (h) without leave from the Governor absents himself from three consecutive meetings of the Board ; or
- (i) by a note in writing to the Board resigns his office :

Provided that the provisions of this section shall not apply to any minister or servant of Government nominated to the Board in his official capacity, unless the Governor directs otherwise.

11. Meetings of the Board shall be convened by the General Manager at least once in each month. Any two Directors may require the General Manager to convene a meeting of the Board at any time and he shall forthwith convene a meeting accordingly. The Chairman, or in his absence, the Deputy Chairman shall preside at the meetings of the Board and, in the event of an equality of votes, shall have a second or casting vote.

Meetings of the Board.

CHAPTER III.

BUSINESS OF THE BANK.

12. (1) The Bank may transact any business which is specified in the First Schedule, but except as otherwise provided in the Act, shall not transact any business specified in the Second Schedule.

(2) The Governor may by notification amend, alter or add to any of the items in the First or Second Schedules hereto in such manner and to such extent as may be decided by him on the recommendation of the Board.

13. The Bank shall undertake to accept monies on account of the Government and such other authorities as may be prescribed and to make payments up to the amounts standing to the credit of their accounts and to carry on their exchange, remittance and other banking operations including the management of the public debt.

14. (1) The Government shall entrust the Bank, on such conditions as may be agreed upon, with all their money, remittance, exchange and banking transactions in Burma and in particular shall deposit free of interest all their cash balances with the Bank:

Provided that nothing in this section shall prevent the Government from carrying on transactions at places where the Bank has no branches or agencies in such manner as they may determine.

(2) The Governor shall entrust the Bank on such conditions as may be agreed upon, with the management of the public debt and with the issue of any new loans.

(3) In the event of any failure to reach agreement on the conditions referred to in this section the Governor shall decide what the conditions shall be.

15. (1) If in the opinion of the Governor the Bank fails to carry out any of the obligations imposed on it by or under this Act the Governor may, by notification, declare the Board to be superseded and thereafter the general superintendence and direction of the affairs of the Bank shall be entrusted to such agency as the Governor may determine and such agency may exercise the powers and do all acts and things which may be exercised or done by the Board under this Act.

(2) When action is taken under this section the Governor shall cause a full report of the circumstances leading to such action and of the action taken to be laid before the Legislature at the earliest possible opportunity and in any case within three months from the issue of the notification superseding the Board.

(3) No notification under this section shall be operative for more than six months but it shall be open to the Governor to issue fresh notifications, each of which shall be subject to the same limit of six months.

16. Every other bank in Burma shall, at such interval and in such manner as may be prescribed, send to the Governor and to the Bank a return signed by two responsible officers of such bank showing—

Returns to be furnished by other banks.

- (a) the amount of its demand and time liabilities respectively in Burma ;
- (b) the total amount held in Burma in " Burma notes ", " currency notes ", " India notes " respectively as these expressions are defined in the Currency and Coinage Act, 1946 ;
- (c) the total amount held in rupee coin and subsidiary coin respectively ;
- (d) the amount of advances made and bills discounted in Burma respectively ; and
- (e) the balance held at the Bank weekly at the close of the business on each Friday or on such other days as may be prescribed.

17. The Bank shall compile and cause to be published each week a consolidated statement showing the aggregate of the amounts under each clause of section 16 exhibited in the returns received from other banks under that section.

Publication of a consolidated statement by the Bank.

18. Without prejudice to any of the powers, rights and privileges conferred on the Currency Board, the Bank may act as the agent of the Currency Board in Burma and elsewhere and may exercise such powers as may be expressly delegated to it by the Currency Board on such terms and conditions as may be agreed upon between them and approved by the Governor.

Bank may act as agent of the Currency Board.

19. Notwithstanding anything contained in the Act, the Governor may, by notification, declare that the Government shall assume the liability for any deposit or deposits which may be made in the Bank by any other bank.

Liability for Bank Deposits

20. The Government shall transfer to the Bank rupee securities of the value of rupees one crore to be allocated by the Bank to the Reserve Fund and may also make such further contributions towards the expenditure of the Bank as may be considered necessary.

Reserve Fund and contribution by Government.

21. After making provision for bad and doubtful debts, depreciation for assets, contributions to staff, superannuation or provident fund and such other contingencies as are usually provided for by bankers, the balance of the surplus profit shall be allocated to the revenues of the Government and to the Reserve Fund in such proportion as may be decided by the Government, and to the extent of such allocation to the Reserve Fund, the Government securities transferred under section 20 shall be released and returned if so required by the Government.

Payment of profits and return of contribution to Government.

22. Notwithstanding anything contained in the Burma Income-tax Act or any other enactment for the time being in force relating to income-tax or super tax the Bank shall not be liable to pay income-tax or super-tax on its income, profits or gains.

Exemption of the Bank from Income-tax.

23. The Bank shall publish from time to time the rate at which it is prepared to deal in bills of exchange and other commercial papers as to which it is authorized to transact business.

Publication of Bank rate.

24. (1) The Auditors of the Bank shall be appointed by the Governor, but no Director, officer or servant of the Bank shall be eligible for appointment as an Auditor during his continuance of office as such Director, officer or servant.

Auditors.

(2) Without prejudice to anything contained in sub-section (1), the Governor may, at any time, appoint the Auditor-General of Burma or such other person as he thinks fit to examine and report on the accounts of the Bank.

(3) The powers and duties of Auditors shall be prescribed by the Governor in consultation with the Auditor-General of Burma.

25. The Bank shall prepare and transmit to the Governor periodical statements of its accounts and transactions in such form as the Governor may prescribe.

Returns.

26. The Governor may make rules to carry out the objects of the Act.

Rules.

27. (1) The Board may, with the sanction of the Governor, make regulations consistent with this Act and the rules made thereunder to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act.

Regulations.

(2) In particular and without prejudice to the generality of the foregoing provision such regulations may provide for all or any of the following matters, namely :—

(a) the manner in which the business of the Board shall be transacted, and the procedure to be followed at meetings thereof ;

(b) the conduct of business of the Board ;

(c) the delegation of powers and functions of the Board to officers of the Bank ;

(d) the formation of Committees of the Board, the delegation of powers and functions of the Board to such Committees, and the conduct of business in such Committees ;

(e) the terms and conditions of service of officers and servants of the Bank ;

(f) the manner and form in which contracts binding on the Bank may be executed ;

(g) the provision of an official seal of the Bank and the manner and effect of its use ;

(h) the manner and form in which the balance sheet of the Bank shall be drawn up, and in which the accounts shall be maintained ;

- (i) the remuneration of Directors of the Bank ;
- (j) the relations of other banks with the Bank and the returns to be submitted by other banks to the Bank ;
- (k) the regulation of clearing-houses for the banks ;
- (l) the generally, for the efficient conduct of the business of the Bank.

(3) Copies of all regulations made under this section shall be made available to the public on payment of such fee as may be fixed by the Bank.

FIRST SCHEDULE (SECTION 12).

(Business which the Bank may transact.)

The Bank shall be authorized to carry on and transact the several kinds of business hereinafter specified :—

(1) Accepting monies on deposit with or without interest from and collection of monies for and on account of the Government of Burma, the Frontier Areas Administration, the Federal Fund of the Federated Shan States, Burma Railway Board, Local Fund Authorities and deposits from other banks or authorities ;

(2) (a) Purchase, sale and rediscount of bills of exchange and promissory notes drawn and payable in Burma and arising out of *bonâ fide* commercial or trade transactions bearing two or more signatures one of which shall be that of any other bank which has a deposit account with the Bank, and maturing within ninety days from the date of such purchase or rediscount exclusive of days of grace ;

(b) Purchase, sale and rediscount of bills of exchange and promissory notes drawn in and payable in Burma and bearing two or more signatures one of which shall be that of any other bank having a deposit account with the Bank and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops and maturing within nine months from the date of such purchase or rediscount exclusive of days of grace ;

(c) Purchase, sale and rediscount of bills of exchange and promissory notes drawn in and payable in Burma and bearing the signature of any other bank having a deposit account with the Bank and issued or drawn for the purpose of holding or trading in securities of the Government of Burma or such other authorities as may be specified in this behalf by the Governor with the recommendation of the Board and maturing within ninety days from the date of such purchase or rediscount exclusive of days of grace ;

(3) (a) The purchase from and sale to other banks functioning in Burma of sterling in amounts of not less than the equivalent of rupees one lakh ;

(b) The purchase, sale and rediscount of bills of exchange including treasury bills drawn in or on any place in the United Kingdom and maturing within ninety days from the date of purchase provided that no such purchase, sale or rediscount shall be made in Burma except with any other bank functioning in Burma having a deposit account with the Bank ;

(c) The keeping of balances with other banks in the United Kingdom and in Burma ;

(4) The making to the Government or such other local authorities, banks and persons as may be authorized by the Governor of loans and advances repayable on demand or on the expiry of periods not exceeding ninety days against the security of—

- (a) stocks, funds and securities (other than immovable property) in which a trustee is authorized to invest trust money by any law for the time being in force in Burma;
- (b) gold or silver or documents of title to the same;
- (c) such bills of exchange and promissory notes as are eligible for purchase or rediscount by the Bank;
- (d) promissory notes of any approved bank or Co-operative Society supported by documents of title to goods which have been transferred, assigned, or pledged to any such Bank or Society as security for a cash credit or overdraft granted for *bonâ fide* commercial or trade transactions or for the purpose of financing seasonal agricultural operations or for the marketing of crops;

(5) The making to Government of Burma, Frontier Areas Administration, Federal Fund of Federated Shan States, Burma Railway Board and to such other local authorities as may be approved by the Governor of advances repayable in each case not later than three months from the date of making of the advance;

(6) The issue of demand drafts made payable at its own office or agencies and the making, issue and circulation of Bank post bills;

(7) The purchase and sale of securities of the Government of Burma or such securities of the local authorities as may be approved by the Governor: provided that securities fully guaranteed as to principal and interest by Government or any such authority shall be deemed for the purpose of this clause to be the securities of such Government or authority: provided further that the amount of such securities held at any time in the Bank shall be so regulated that—

- (a) the total value of such securities shall not exceed the aggregate amount of the capital of the Bank, the Reserve Fund and three-fifths of the liabilities of the Bank in respect of deposits;
- (b) the value of such securities maturing after one year shall not exceed the aggregate amount of the capital of the Bank, the Reserve Fund and two-fifths of the liabilities of the Bank in respect of deposits;
- (c) the value of such securities maturing after ten years shall not exceed the aggregate amount of the capital of the Bank and the Reserve Fund and one-fifth of the liabilities of the Bank in respect of deposits;

(8) The custody of monies, securities and other articles of value and the collection of the proceeds whether principal, interest or dividends, of any such securities;

(9) The sale and realization of all property whether movable or immovable which may in any way come into the possession of the Bank in satisfaction or part satisfaction of any of its claims;

(10) Acting as agents of the Government of Burma or any other authority approved by the Governor for the transaction of any of the following kinds of business, namely:—

- (a) purchase and sale of gold or silver;

- (b) the purchase, sale, transfer and custody of bills of exchange, securities or shares in any company ;
 - (c) the collection of the proceeds whether principal, interest or dividends of any securities or shares ;
 - (d) the remittance of such proceeds at the risk of the principal by bills of exchange payable either in Burma or elsewhere ;
 - (e) the management of public debt ;
- (11) The purchase and sale of gold or bullion ;
- (12) The borrowing of money for the purposes of the business of the Bank and the giving of securities for monies so borrowed : provided that no money shall be borrowed without the approval of the Governor and the amount of such borrowing shall not at any time exceed the amount of the capital of the Bank ;
- (13) Generally the doing of all such matters and things as may be incidental to or consequential upon the exercise of its powers and the discharge of its duties under this Act.

SECOND SCHEDULE (SECTION 12).

(Business which the Bank may not transact.)

Save as otherwise provided the Bank may not—

- (1) engage in trade or otherwise have a direct interest in any commercial, industrial, or other undertaking except such interest as it may in any way acquire in the course of the satisfaction of any of its claims : provided that all such interests shall be disposed of at the earliest possible moment ;
- (2) purchase the shares of any other bank or of any company or grant loans upon the security of any such shares ;
- (3) advance money on mortgage or otherwise on the security of immovable property or documents of title relating thereto, or become the owner of immovable property except so far as is necessary for its own business premises and residences for its officers and servants ;
- (4) make loans or advances other than loans or advances under clause 4 to the First Schedule ;
- (5) draw or accept bills payable otherwise than on demand.